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DISASTER RELIEF ACT OF 1965

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON

FLOOD CONTROL—RIVERS AND HARBORS

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

S. 1861

A BILL TO PROVIDE ADDITIONAL ASSISTANCE FOR AREAS
SUFFERING A MAJOR DISASTER

JUNE 21 AND 22, 1965

Printed for the use of the Committee on Public Works



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DISASTER RELIEF ACT OF 1965

MONDAY, JUNE 21, 1965

U.S. SENATE,
SUBCOMMITTEE ON FLOOD CONTROL,
RIVERS AND HARBORS, OF THE
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 9:05 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator Birch Bayh (chairman of the subcommittee) presiding.

Present: Senators Bayh, Moss, and Harris.

Also present: Senator Allott.

Senator BAYH. Let us begin our hearing this morning, please. I will place in the record a copy of S. 1861 and the departmental reports thereon.

(The material referred to follows:)

[S. 1861, 89th Cong., 1st sess.]

A BILL To provide additional assistance for areas suffering a major disaster

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1965".

DEFINITIONS

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Farmers Home Administration where he finds such refinancing necessary because of property losses sustained by such borrower as a result of a major disaster. Any loan so refinanced may provide for the repair or construction of structures and for the purchase of building sites when the original sites cannot be utilized as a result of such disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(b) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Rural Electrification Administration, where he finds such refinancing necessary because of loss, destruction, or damage of property resulting from a major disaster. The term of such loan may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the

payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) The Housing and Home Finance Administrator is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Housing and Home Finance Agency, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(d) The Administrator of Veterans' Affairs is authorized to refinance any loan made by the Veterans' Administration where he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(e) Loans made pursuant to paragraph (1) of section 7(b) of the Small Business Act, as amended (15 U.S.C. 636(b)), for the purpose of replacing, reconstructing, or repairing dwellings damaged or destroyed as a result of a major disaster may have a maturity of not to exceed forty years: *Provided*, That the Administrator of the Small Business Administration may authorize a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any such loan for a period not to exceed five years, if he determines that such action is necessary to avoid severe financial hardship. The provisions of section 7(c) of such Act shall not be applicable to any such loans which have a maturity in excess of thirty years.

(f) The Administrator of the Small Business Administration may authorize for a period not to exceed five years a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any loan made to small business concerns pursuant to section 636(a) of the Small Business Act, as amended (15 U.S.C. 636(a)), if he determines that such action is necessary to avoid severe financial hardship resulting from loss or damage incurred by a major disaster.

(g) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS

SEC. 4. (a) For the purpose of enabling any State which has suffered a major disaster to refinance outstanding home mortgage obligations or other real property liens which are not insured or guaranteed by any Federal agency and which are secured by one- to four-family homes which have been severely damaged or destroyed by such disaster, the President is authorized, upon application, to make matching grants to such State on a 75 per centum Federal 25 per centum State participating basis, any funds provided by such State to pay the cost of refinancing such mortgage obligations of real property liens.

(b) Any application for a grant under this section shall—

(1) be in accordance with a plan submitted by the State, to be approved by the President, for the implementation of the purpose of this section;

(2) designate the State agency for carrying out the plan:

(3) provide assurances that any loan made for the purpose of refinancing any mortgage obligation, or other real estate lien, shall have a maturity of not to exceed forty years and bear interest at a rate not to exceed 3 per centum per annum: *Provided*, That the State agency may authorize a

suspension in the payment of principal and interest charges on, and on extension of the maturity of, any such loan for a period not to exceed five years, if it determines that such action is necessary to avoid severe financial hardship;

(4) specify that no loan for refinancing the outstanding debt secured by any single property shall exceed \$30,000;

(5) provide assurances that equitable treatment will be accorded to all eligible property owners; and

(6) set forth such further information as the President may by regulation require.

(c) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(d) Each State receiving assistance under this section shall, through its designated State agency, make such reports as the President may require, and each such agency shall, upon request of the President, make available its books and records for audit and examination.

(e) The President may exercise the powers conferred upon him by this section either directly or through such Federal agency as he may designate.

(f) Such sums as may be necessary to carry out the purposes of this section are hereby authorized to be appropriated.

SHELTER FOR DISASTER VICTIMS

SEC. 5. (a) The President is authorized to provide dwelling accommodations for any individual or family whenever he determines—

(1) that such individual or family occupied a house (as an owner or tenant) which was destroyed, or damaged to such an extent that it is uninhabitable, as the result of a major disaster; and

(2) that such action is necessary to avoid severe hardship on the part of such individual family; and

(3) that such owner or tenant cannot otherwise provide suitable dwelling accommodations for himself and/or his family.

(b) Such dwelling accommodations, including mobile homes, as may be necessary to meet the need, shall be provided through acquisition, acquisition and rehabilitation, or lease. Dwelling accommodations in such housing shall be made available to any such individual or family for such period as may be necessary to enable the individual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance. Rentals shall be established for such accommodations, under such rules and regulations as the President may prescribe and shall take into consideration the financial ability of the occupant. In cases of financial hardship, rentals may be compromised or adjusted for a period not to exceed twelve months, but in no case shall any such individual or family be required to incur a monthly housing expense (including any fixed expense related to the amortization of debt owing on a house destroyed or damaged in a disaster) which is in excess of 25 per centum of the individual's or family's monthly income.

(c) In the performance of, and with respect to, the powers and duties conferred upon him by this section, the President may—

(1) prescribe such rules and regulations as he deems necessary to carry out the purposes of this section;

(2) exercise such powers and duties either directly or through such Federal agency or agencies as he may designate;

(3) sell or exchange at public or private sale, or lease, any real property acquired or constructed under this section;

(4) obtain insurance against loss in connection with any such real property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any such real property; and

(6) include in any contract or instrument made pursuant to this section, such conditions and provisions as he deems necessary to assure that the purposes of this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER LOANS

SEC. 6. (a) Section 203(h) of the National Housing Act is amended to read as follows:

“(h) (1) Notwithstanding any other provision of this section, the Commissioner is authorized to insure and to make commitments to insure any mortgage secured by a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his house which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction or replacement is required as a result of a natural disaster determined by the President to be a major disaster pursuant to the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes’, approved September 30, 1950, as amended (42 U.S.C. 1855–1855g).

“(2) To be eligible for insurance under this section, a mortgage shall—

“(A) not exceed \$20,000; and

“(B) not exceed (i) 100 per centum of the appraised value of the property, or (ii) the sum of the estimated cost of restoring the property and the Commissioner’s estimate of the value of the property before restoration: *Provided*, That in no case involving refinancing shall such mortgage exceed the estimated cost of restoring the property and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property;

“(C) bear interest (exclusive of premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum; and

“(D) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed forty years from the beginning of the amortization of the mortgage.

“(3) The property covered by any mortgage insured under this subsection shall comply with such standards and conditions as the Commissioner may prescribe (having due regard to the purposes sought to be achieved by this subsection) to establish the acceptability of such property for mortgage insurance.”

(b) Section 305 of such Act is amended by adding at the end thereof a new subsection as follows:

“(i) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage which is insured under section 203(h) of this Act: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$ _____.”

(c) Section 221 of such Act is amended by striking out “or as a result of governmental action”, in subsections (a) and (f), and inserting in lieu thereof “, as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes’, approved September 30, 1950, as amended (42 U.S.C. 1855–1855g)”.

EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS ADMINISTERED BY DEPARTMENT OF AGRICULTURE

SEC. 7. The Secretary of Agriculture is authorized in the case of any farmer in any area which has suffered a major disaster to reopen or extend, under such terms and conditions as he may prescribe, the period prescribed for participating in any program being administered by the Department of Agriculture, if the Secretary determines that (1) such action is necessary to help such farmer avoid severe financial hardship which has or will likely result from such major disaster, (2) such farmer would have been eligible to participate in such program if he had made timely application for participation therein, and (3) such action is feasible and will not materially defeat the purpose of such program.

DISASTER WARNINGS

SEC. 8. (a) The Secretary of Defense is authorized to utilize the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a).

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 9. The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and by adding the following: "and includes any rural community or unincorporated town or village with respect to which the head of the Federal agency concerned determines that (1) there is a need for assistance under this Act, (2) the furnishing of such assistance is feasible, and (3) it will be effectively utilized".

Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926) is amended by adding the following new subsection (c): "In areas which have suffered major disasters the Secretary is authorized, without regard to the limitations of subsections (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed 150 per centum of the average cost for such services in comparable communities in the State.

ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN DISASTER AREAS

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting immediately after section 15 of that Act the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 16. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe;

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities; and

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged,

he may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which the Commissioner determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to this section".

(b) The Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, is amended by inserting, immediately after section 303 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS

"SEC. 304. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe; and

"(a) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency,

he may provide to such agency the additional assistance necessary to provide free public education to the children attending the schools of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five-fiscal-year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determined to be necessary to en-

able such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

“(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials including textbooks) destroyed or seriously damaged as a result of such major disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

“(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

“(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

“(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States”.

HIGHWAY ASSISTANCE IN DISASTER AREAS

SEC. 11. (a) Section 120(f) of title 23 of the United States Code, relating to the Federal share in emergency highway relief, is amended by inserting before the period at the end of the first sentence a colon and the following: “*And provided further*, That the Federal share payable on account of any repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), shall be 100 per centum of the cost thereof”.

(b) Section 125 of title 23 of the United States Code, relating to emergency highway relief, is amended by striking out the second sentence and inserting in lieu thereof “There is authorized to be appropriated not to exceed \$ _____ for the fiscal year ending June 30, 1965, and not to exceed \$ _____ for each fiscal year thereafter for the purposes of such fund”.

REIMBURSEMENT FOR NECESSARY EMERGENCY FLOOD PROTECTION

SEC. 12. In the case of any individual, partnership, corporation, or other entity, which has requested proper local governmental authorities to provide protection against flooding in major disaster areas, and which has incurred emergency expenditures for the purpose of preventing damage from such flooding, and which expenditures were necessitated by the inability or failure of local governmental authorities to provide such protection, the Office of Emergency Planning is authorized, upon certification by proper local governmental authorities that such protection would have been provided except for contingencies caused by the emergency, to reimburse such individual, partnership, corporation, or other entity not to exceed 50 per centum of the total cost expended for such protection against flooding.

EXECUTIVE OFFICE OF THE PRESIDENT,

BUREAU OF THE BUDGET,

Washington, D.C., June 19, 1965.

HON. PAT McNAMARA,
Chairman, Committee on Public Works,
U.S. Senate,
4204 New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Bureau of the Budget on S. 1861, a bill "To provide additional assistance for areas suffering a major disaster."

The bill is designed primarily to strengthen Federal assistance to private individuals and groups who are victims of major disasters. In addition, it would provide more liberal Federal assistance for repair and reconstruction of Federal aid highways, for restoration or replacement and current operating expenses of schools and for loans and grants for rural community facilities.

The 1964-65 experience with major disasters has emphasized the importance of providing more adequate disaster aids for the private sector. S. 1861 would do this mainly by broadening various Federal credit aids. Section 3 would liberalize credit available to refinance existing direct Government loans. Section 4 would provide 75 percent Federal grants to help States to refinance home mortgage loans not insured or guaranteed by Government agencies. Section 6 would broaden the existing Federal mortgage insurance authority applicable for disaster housing. The new authority in each instance would be limited to property losses arising from major disasters as determined by the President.

The Bureau of the Budget supports the general approach of section 3, especially the discretion provided to suspend principal and interest payments up to 5 years in hardship cases under existing direct Federal loan programs. We question, however, whether the proposal to extend maximum maturities in all direct loan programs to 40 years would provide the most effective aid for certain types of existing loans from the borrower's standpoint. For example, the 30-year maximum maturity which would be provided by pending legislation on Small Business Administration disaster loans, in our judgment, would permit extension of payments as far as could reasonably be required for the types of credit financed by this program. We also question whether liberalization of the existing mortgage insurance available for disaster housing and of the related mortgage purchase authority authorized by section 6 would provide any significant benefits not otherwise available from direct loans of the Small Business Administration. In our judgment, it would be preferable to continue to vest the necessary direct loan authority for housing and business disasters in the SBA and to provide that agency the authority and the resources necessary to operate efficiently in major disasters.

Experience in Alaska and elsewhere, however, suggests that the most liberal credit assistance cannot alone provide adequate aid for private disaster victims in cases where damages are large and/or borrowers are already heavily indebted. For these catastrophic types of losses, some form of loss sharing may be necessary. In line with the approach adopted in section 57 of the Alaska Omnibus Act and proposed in section 4 of S. 1861, we believe that serious consideration should be given to a program whereby the States would assume the basic responsibility for providing and administering such direct assistance.

For example, Federal grants could be made available to individual States to (1) help finance preparation of State programs to share losses with private individuals and businesses suffering from disasters; and (2) cover part of the cost of approved State programs in excess of some minimum level of State expenditures. To qualify for Federal assistance, State programs could include (a) limitation of coverage to risks for which private insurance is not available at reasonable rates; (b) evidence that approved flood-plain zoning controls and/or other preventive measures are in force; (c) requirements for private owners to absorb losses up to a prescribed dollar amount, and to share losses above this amount; and (d) ceilings on loss coverage. The Federal grants could replace Federal loans at subsidized interest rates when an approved State program is actually placed in operation. But such loans would otherwise remain available wherever State programs are not in force.

A constructive approach of this type would have several major advantages. Assistance could be made available to all property owners suffering disaster losses, whether or not they are in debt and whether or not they are located within Presidentially designated disaster areas. The requirements for State

and private loss sharing would create strong incentives for private property owners to avoid high-risk areas and for State and local governments to enforce effective zoning controls. Federal aid would be confined to cases where relatively large losses occur and the administrative burden of making and administering an increasing volume of relatively small long-term loans would be avoided.

Section 5 of S. 1861 would authorize the President or his designee to provide shelter at reasonable rentals for individuals and families displaced by major disasters. Emergency shelter is already provided under present law. While the pending bill would provide new authority to acquire real estate for this purpose, the Office of Emergency Planning in its report indicates that lack of such authority has not been an obstacle in the past, and that the purpose of section 5 is being accomplished under present law.

Section 7 would empower the Secretary of Agriculture to reopen or extend the time limitations for participation in various programs administered by him. The Department of Agriculture opposes this section, because it would conflict with the basic purposes of the wheat and feed grain programs administered by the Agricultural Stabilization and Conservation Service.

Section 8 would formally authorize the use of the civil defense communications system to provide disaster warnings. We are advised that this system is now being so employed and that the Department of Defense has no objection to the explicit authority provided for this purpose.

Under section 9, the Secretary of Agriculture could make or insure loans and also make 50-percent grants for waste disposal systems or other public facilities for rural communities, where such action is necessary to help rebuild a disaster-damaged community. Most of this authority is already available to the Housing and Home Finance Agency or is being considered by the committees acting on pending housing legislation. If need can be demonstrated for authority in disaster situations beyond the authority available generally, we believe it should be vested in the Housing and Home Finance Agency which has primarily responsibility for such programs.

Under section 10, the Commissioner of Education would be authorized to provide financial assistance in major disaster areas (a) for construction and (b) for operation of public schools. As the report of the Office of Emergency Planning indicates, the former authority is already available under Public Law 81-875, and we believe that the OEP should continue to exercise it as part of its general responsibility for restoring damaged public facilities. Provision of Federal assistance for current operating expenses of schools, however, would be an extension of Federal responsibilities into a major new area. In the light of the substantial Federal aids otherwise made available directly or indirectly to local communities stricken by disasters, we question whether this specific type of aid is so widely and urgently needed that it could not be provided from State resources.

Section 11 would increase the Federal share of the cost of highway repairs in major disasters to 100 percent instead of the revised sharing formula authorized by Public Law 88-658, and authorize an unspecified annual amount of appropriations for emergency highway relief. We concur with the view of the Department of Commerce that the formula in Public Law 88-658 is equitable and should be continued, and that appropriations of \$50 million should be authorized for 1967 and later years for emergency highway relief.

Under section 12, the Office of Emergency Planning would be authorized to reimburse private individuals and groups for half of certain emergency expenditures made by them to provide protection for their property against flood damage. We concur with the Office of Emergency Planning in opposing this section. In our view, it would be improper for the Federal Government to reimburse private individuals and groups for such expenditures, which are clearly the responsibility of State and local governments. Initiation of such a Federal policy could undermine the coordination of local flood protection effort which is essential in time of disaster.

In summary, the Bureau of the Budget agrees with the major objective of S. 1861 of providing more effective Federal assistance for private groups stricken by disaster. However, this objective, in our judgment, would be better accomplished by modifications along the lines outlined above. The Bureau of the Budget would be glad to cooperate with the committee in further efforts to develop effective legislation for the assistance of disaster victims.

Sincerely yours,

(Signed) PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., June 18, 1965.

HON. PAT McNAMARA,
Chairman, Committee on Public Works
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for comments on S. 1861, 89th Congress, a bill to provide additional assistance for areas suffering a major disaster.

S. 1861 includes provisions for liberalization of existing Federal programs in the event of a major disaster. The proposed bill would authorize low-interest long-term refinancing of loans under existing Federal loan programs (sec. 3); and amend the National Housing Act to liberalize the provision affecting housing for disaster victims (sec. 6). With regard to such existing Federal programs, we favor legislation which would provide for their liberalization in the event of a disaster. However, as to the effectiveness and uniform application of this legislation we defer to the views of the agencies charged with the administration of the programs.

The bill would also authorize the Secretary of Agriculture to reopen or extend the time limitation to farmers to participate in agricultural programs in areas affected by a disaster (sec. 7). The practical effect of such an extension of time in agricultural programs is for the Secretary of Agriculture to consider, and we defer to the Secretary with regard to the advisability of this provision.

Section 4 provides that mortgage loans and real property liens on family homes not insured or guaranteed under a Federal program may be refinanced by a disaster fund to be established by a Federal contribution of 75 percent and a State contribution of 25 percent. The loans would not exceed \$30,000 per property, and would not exceed a term of 40 years and an interest rate of 3 percent. We understand that the Bureau of the Budget has an alternative proposal to meet these and related objectives, and we defer to the Bureau.

Section 5 authorizes the President to provide dwelling accommodations for an individual or family in the event of a disaster. The housing could be provided by "acquisition, acquisition and rehabilitation, or lease." Reasonable rentals would be established under rules and regulations of the President. The Federal Disaster Act (Public Law 81-875) currently provides for temporary housing or emergency shelter for families displaced as a result of a major disaster. Moreover, the only real difference between the proposal and existing authority is that real estate is not acquired under Public Law 81-875, whereas acquisition is provided for under the proposed section. However, lack of authority to acquire realty has never been an obstacle in the past to providing emergency housing under Public Law 81-875. It thus appears that the purpose of section 5 is now being accomplished under Public Law 81-875.

Section 10(a) would provide financial assistance in the construction and operation of public elementary and secondary schools in areas affected by a major disaster. Subsection (b) deals with the maintenance and operation of schools in these areas. Our position on this section is the same as stated by the Office of Emergency Planning in testimony given before the Senate Education Subcommittee holding hearings on S. 289, a bill with provisions almost identical to that of the above section. Federal funds are currently available under Public Law 81-875 for the repair or replacement of damaged or destroyed schools. We also authorize repair and replacement of necessary supplies and equipment including textbooks. However, as to funds for the future maintenance and operation of schools, we would defer to the interested agencies. We should like to point out, however, that the program under Public Law 81-875 appears to meet the objectives of section 10, except for the provision of funds for the future maintenance and operation of the facility.

Section 8 would authorize the Secretary of Defense to use the civil defense communications system or provide warnings of imminent disasters. We have been advised that the civil defense communications system is currently being used to provide warnings of imminent disasters. Therefore, we defer to the Department of Defense as to the necessity of this provision.

Section 9 provides that unincorporated communities, rural communities, or small towns be able to rebuild community facilities by receiving or having loans insured by the Secretary of Agriculture. He also is authorized to make grants not to exceed 50 percent of cost where repayment of an existing loan would

crease a hardship to users of the facility. Rural communities and small towns, if they are local governments of a State, are now eligible to apply for assistance under authority of Public Law 81-875 and no amendment to Public Law 81-875 is necessary. The first paragraph of section 9 should therefore be stricken. We understand that most of the additional authority of this section would be provided in the pending housing legislation, and accordingly we defer to the Bureau of the Budget as to the need for and location of any further authority.

Section 11 would authorize the payment of 100 percent of the cost for emergency repair and reconstruction of any Federal-aid highway. Congress recently enacted a bill (Public Law 88-658) which provides for Federal participation in the Federal-aid highway system on the same sliding-scale ratio as initial construction. This legislation is less than 1 year old and appears to be fair and reasonable.

Section 12 provides that where local governments are requested to and do not provide protection against flooding, private parties would be authorized to expend their own funds for such protection and be reimbursed by the Office of Emergency Planning in an amount not to exceed 50 percent of the total cost. The above section raises several problems. For example, if the local governmental authority is unwilling or unable for any number of reasons, to provide adequate flood protection measures, an individual or corporation could proceed with a protection program and OEP would be authorized to pay up to 50 percent of the costs incurred. This could lead to a do-it-yourself flood protection program of vast proportions with no assurance that the measures taken would meet any type of engineering criteria for such work or that costs incurred would be reasonable. In addition, this type of aid might have the effect of reducing coordinated flood protection work, and might also place heavy administrative burdens on local officials beyond present capabilities. We recommend against the enactment of this section of the proposed bill.

Considering the entire proposal as a whole we believe that permanent legislation applicable to all disasters is preferable to legislation on a disaster-by-disaster basis and, subject to the above comments, we favor the objectives of S. 861.

From the standpoint of the administration's program, the Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely,

BUFORD ELLINGTON, *Director.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 21, 1965.

HON. PATRICK V. McNAMARA,
Chairman, Committee on Public Works,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of May 10, 1965, for a report on S. 861, a bill to provide additional assistance for areas suffering a major disaster.

We shall confine our comments to those provisions of the bill which relate to programs administered by this Department.

Farmers Home Administration, sections 3(a) and 9

Section 3(a).—Section 3(a) would authorize the Secretary to refinance the indebtedness of any borrower under any of the programs of the Farmers Home Administration where such refinancing is necessary because of losses sustained by the borrower as a result of a major disaster. Such refinancing loans could be made for repair or replacement of structures and for purchase of building sites when original sites are not suitable as a result of the disaster. The interest rate on any loan refinanced could be reduced to a rate of not less than 3 percent and the maturity thereof extended for a period not to exceed 40 years. This subsection would also authorize the suspension of payments of principal and interest on such loans and the additional extension of maturity thereof for a period not to exceed 5 years to avoid severe financial hardship on the borrower.

While this Department recognizes that major disasters which strike borrowers under the Farmers Home Administration programs give rise to new credit needs which may require some readjustment of outstanding indebtedness, we do not believe that the provisions proposed in section 3(a) are necessary and would, on the other hand, if employed to the maximum authorization therein, create some difficult problems.

The Consolidated Farmers Home Administration Act presently contains adequate authority for the making of supplemental loans, and although it has not been the practice of the agency to do so in order to conserve currently available loan funds, it could authorize the refinancing of prior indebtedness of borrowers from that agency. That act also contains authority to purchase building sites where necessary to the continued operation of the farm.

Loans made by the agency under title V of the Housing Act are available for building sites only in connection with individual senior citizens' loans. However, section 901 of the Housing and Urban Development Act of 1965 (S. 1942, S. 1354; H.R. 5840, H.R. 7984) now pending would make the purchase of building sites available to all persons eligible for rural housing loans.

Loans under the Consolidated Farmers Home Administration Act, other than emergency loans under subtitle C, are presently made to individual borrowers at 5 percent. This rate is the statutory maximum. However, without additional legislation, if the situation warranted, for example in a disaster area, the interest rate could be reduced administratively. As to loans to borrowers in such areas, section 331 of the act authorizes the Secretary to compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs as circumstances may require. Compromise, adjustment, or reduction of a claim is to be based on the value of the security and a reasonable determination of the debtor's repayment ability. This provision would justify an agreement, in hardship cases, for the suspension of payments.

Loans under subtitle A are made for the statutory term of 40 years. Operating loans under subtitle B are made for not to exceed 7 years, depending on the purposes for which the loan is made. Such loans may be extended for additional periods of not more than 5 additional years under section 316. Rural housing loans are made for various periods not to exceed 33 years and there is specific statutory authority in section 505 of the Housing Act of 1949 for a moratorium on such loans.

Real estate loans under the Consolidated Farmers Home Administration Act include a great number of insured loans. If section 3(a) were enacted, it would undoubtedly be necessary in order to effectuate the purposes of this section to call the insured loan and refinance it with a direct loan, since it is improbable on today's investment market that an insured loan could be placed with private investors at the proposed 3-percent interest rate. This result would be contrary to the emphasis which this Administration has given to utilize the insured loan method in lieu of direct loan processing. Legislation also is pending which would substitute an insured loan program for the present direct loan rural housing program. For the foregoing reasons, we recommend that section 3(a) of the bill not be enacted.

Section 9, 2d paragraph.—In section 9, beginning at line 6, page 14, and extending through line 2 on page 15, the bill would amend section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926). This amendment would provide, in areas which have suffered major disasters, loan and grant assistance to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster.

The Department of Agriculture agrees with the objectives of this proposed change to section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended.

Rural communities suffering major disasters face serious health hazards and losses of income and productivity. Many of these rural communities are already indebted for a large part of their statutory debt limits and cannot incur additional indebtedness for the full amount necessary to repair or replace facilities damaged or destroyed by disasters. The financial burdens of replacing or rehabilitating facilities lost or damaged in addition to retiring existing indebtedness exceeds their ability to repay.

If public facilities for these rural communities are not quickly restored, the health of the people is endangered and the economy deteriorates. This not only has an adverse effect upon the economy of the local area but seriously affects the economy of adjoining communities.

Major disasters affect not only the individuals in the community but agriculture and related business, since they are dependent upon adequate water supplies and waste disposal systems. Commercial and industrial facilities, lost or severely damaged, result in loss of employment opportunities and further reduces the ability of the community to pay for reestablishing these facilities.

Where disasters have struck, the Farmers Home Administration has found the need for additional financial assistance acute and unavailable in a high percentage of communities. Small rural communities ordinarily do not have the professional engineering and technical services available to assist in designing and guiding the orderly, efficient replacement of these facilities.

The assistance proposed by this amendment would be a major step in filling the need for financial and technical assistance to those communities which cannot obtain such assistance from other sources.

Rural Electrification Administration, section 3(b)

Section 3(b) would authorize refinancing of an REA borrower's indebtedness where need is found for such refinancing, occasioned by a major disaster, as defined; loan extension such as will provide a maturity of not to exceed 40 years; and suspension of principal payments and interests charges, and an additional extension of the maturity date, for a period of not to exceed 5 years if needed to avoid severe financial hardship.

Section 12 of the Rural Electrification Act now authorizes extension of the time of payment of interest or principal of loans for not more than 5 years after such payment becomes due. The circumstances, procedures, and conditions for such extension under existing law are set forth in REA Bulletin 20-5 (320-2), copy of which is enclosed. In extraordinary circumstances, an extension pursuant to section 12 may lengthen the maturity of a loan for 5 years beyond the statutory 35-year period.

Section 3(b) of S. 1861 would add to the existing authority of section 12 authority to refinance REA loans and to lengthen their maturity to not exceeding 45 years.

This Department believes that the occurrence and consequences of a major disaster may in some cases warrant relief such as is intended under section 3(b). However, to make such relief most effective, it is suggested that section 3(b) be modified to read as follows:

"(b) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond 40 years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act."

The foregoing would provide greater flexibility which would be most effective in assisting a stricken system to recover from the effects of a major disaster. It would cover situations where the property of the system itself is not disastrously damaged but where its consumers are lost or disabled from using the system's services because of a disaster. The authority to adjust repayment schedules, which we believe carries out the intent of the provision of the bill authorizing the refinancing of a borrower's indebtedness, would permit the rescheduling of payments so as to facilitate financial recovery and avoidance of default. Setting the maximum maturity term at 40 years would, in conjunction with exercise of the authority to adjust repayment schedules within such a period, furnish an effective means of lightening the financial burdens occasioned by a major disaster. The existing authority, found in section 12 of the Rural Electrification Act, to extend for not more than 5 years the time of payment of principal and interest of loans, which is now available to all REA borrowers which qualify therefor, should be left intact as an additional form of assistance.

Other USDA programs, section 7

Section 7 would provide the Secretary with authority in a major disaster area to reopen or extend, under such terms and conditions as he may prescribe, programs administered by the Department if (1) such action is necessary to help such farmer avoid severe financial hardship which has resulted or will likely result from such major disaster, (2) such farmer would have been eligible to participate in such program if he had made timely application for participation

therein, and (3) such action is feasible and will not materially defeat the purpose of such program.

This section could apply to the wheat and feed grains and other programs administered by the Agricultural Stabilization and Conservation Service.

The Department is opposed to this section of the bill. The diversion programs have since their inception included requirements that producers who wished to participate sign up by a specified date. These requirements result from the fact that the purpose of each of the programs has been to provide incentives for the reduction of excessive production which would not have occurred in the absence of the program. Accordingly, benefits have not been made available to those who had not intended to participate as evidenced by their failure to sign up by the specified date but who at a later date accidentally found themselves in compliance with diversion requirements of the program.

We are aware of the severity of the problems associated with the several major natural disasters which have befallen several sections of the country in recent months. These problems are being intensively studied by the executive branch. This Department is cooperating fully in these undertakings and will continue to devote all of its resources, as required and available under existing authorities, to assisting in the mitigation of the damage resulting from disasters.

In view of the fact that the bill relates to programs affecting the programs of several other departments and agencies of the executive branch, we are making no general recommendation with respect to its enactment.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

U.S. DEPARTMENT OF AGRICULTURE,
RURAL ELECTRIFICATION ADMINISTRATION,
*February 4, 1965.*¹

REA Bulletin 20-5 (electric).

REA Bulletin 320-2 (telephone).

Subject: Section 12 extensions of payments of principal and interest.

I. Purpose.—To set forth the conditions under which time of payment of principal and interest may be extended pursuant to section 12 of the Rural Electrification Act, as amended; and to outline borrower procedure for applying for such extensions.

II. Policy.—

A. Section 12 of the Rural Electrification Act, as amended, provides that, "The Administrator is authorized and empowered to extend the time of payment of interest or principal of any loans made by the Administrator pursuant to this act: *Provided, however,* That with respect to any loan made under section 4 or section 201, the payment of interest or principal shall not be extended more than 5 years after such payment shall have become due * * *."

B. In considering requests for section 12 extensions, primary consideration shall be given to the effect of such extensions on the Government's security. Inasmuch as such an extension does not reduce an obligation but merely changes the time of payment, it is the policy of the REA to extend the time of payments of interest or principal only on the basis of findings that—

1. The borrower concerned is in default on one or more payments due at the time of granting an extension, and, despite prudent management, will still be in default 5 years hence unless the extension is granted; and

2. The borrower's inability to meet its scheduled payments is due to extenuating and extraordinary circumstances; and

3. If the proposed extension is granted, the borrower, within not more than 5 years, with prudent management will not be in default and will be able to make remaining payments when due as rescheduled; and

4. The extension is necessary to place the borrower's operations on a stable financial basis and provide assurance of repayment of loans within the time when final payments of such loans are due under the terms of the note or notes as extended.

¹ Consolidates separate issuances for each program (Bulletins 20-5, dated May 3, 1955; and 320-2, dated Jan. 21, 1953). No significant changes from earlier editions.

C. Section 12 extensions will be given in the minimum amount and for the minimum period of time necessary to stabilize the borrower's finances and assure loan repayment. Also, the time allowed for repayment of the deferred principal and interest will be the shortest that will achieve these objectives. To assure that these conditions are met, REA will make a careful analysis to determine the particular notes or portions of notes that need to be extended, the length or extension needed, and the effect that this will have on payments during the remainder of the amortization period.

D. Interest will not be charged on interest accruing during the period of any extension, but will be charged on all unpaid principal.

E. Ordinarily, any extension made shall not postpone the final due date of the original amortization period.

III. *Procedure for borrowers to follow in applying for extension of time of payment of principal and interest.*—Borrowers which deem an extension of time of payment necessary and justified within the provisions of this bulletin should submit to the area office a letter requesting such an extension. This letter should state the length of extension desired, cite the conditions which make such a request necessary, and include analyses supporting the required findings. It should be signed by the president or vice president. The borrower will be advised of the determination as to whether its request meets the requirements of this bulletin. When appropriate, REA will forward documents that may be required.

This REA bulletin supersedes Bulletins 20-5, dated May 3, 1955; 320-2, dated January 21, 1953; and all other material in conflict with its provisions.

RALPH J. FOREMAN,
Acting Administrator.

VETERANS' ADMINISTRATION,
Washington, D.C., June 21, 1956.

HON. PAT McNAMARA,
Chairman, Committee on Public Works,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to furnish the following comments in response to your request for a report by the Veterans' Administration on S. 1861, 89th Congress.

The purpose of the bill is to provide additional assistance for areas suffering a major disaster. The existence of a "major disaster," would be determined by the President pursuant to an act entitled, "An act to authorize Federal assistance to States and local governments in major disasters, and for other purposes," approved September 30, 1950, as amended (42 U.S.C. 1855-1855g). The proposed legislation would authorize assistance in the form of refinancing, extension, and reamortization of existing mortgages held by various Federal agencies, e.g., Farmers Home Administration, Housing and Home Finance Agency, and the Veterans' Administration. The bill also contains certain amendments to the act of September 30, 1950, relating to shelter for disaster victims, assistance for unincorporated communities, and reconstruction of schools and highways. It also amends the Small Business Act which presently authorizes low-cost loans to be made to disaster victims.

The only portion of the bill relating to the Veterans' Administration is contained in section 3(d), which provides authority for the Administrator to refinance any loan made by the Veterans' Administration where he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan, as a result of a major disaster. The section authorizes such refinancing at an interest rate reduced to not less than 3 percent per annum and extension of loan maturity for a period not to exceed 40 years. The Administrator is also authorized to suspend payment of principal and interest charges and extend the maturity date for an additional 5 years where he determines it is necessary to avoid severe financial hardship.

The section applies to loans "made" by the Veterans' Administration, and thus would be applicable only to direct loans and loans made to borrowers who purchase homes owned by the VA—our so-called vendee accounts. It would not include acquired loans since these are purchased from private lenders and are not "made" by the Veterans' Administration. We interpret the authority to refinance to mean authority for recasting the terms of payment of an existing loan, which can include postponement of payments, extension of maturity, reamortization, or a combination thereof. We do not consider this language to mean that additional moneys will be advanced.

The Veterans' Administration agrees with the objective of section 3(d). However, there is little statutory authority proposed to be granted the Administrator by this section which is not already contained in laws we administer. Additional authority is provided which permits an extension of the maturity of a direct loan being refinanced for a period not to exceed 40 years. Under present statutes, direct loans for the purchase of residential property must mature in 30 years. In the case of a loan on farm realty, the maximum maturity is 40 years. On loans made in vendee account cases these statutory maximums do not apply. However, the VA practice has been to limit the maximum maturity of such loans to 35 years.

Section 3(d) would also grant specific authority to the Administrator to reduce the existing contract interest rate to not less than 3 percent in refinancing the limited class of cases to which the section applies. Under the existing law, sections 1803(c) and 1811(d) of title 38, United States Code, provide, in effect, that the interest rate for direct loans shall be the same as for guaranteed loans which "shall bear interest not in excess of such rate as the Administrator, with the approval of the Secretary of the Treasury, may from time to time find the loan market demands; except that such rate shall in no event exceed 5¼ percentum per annum." In vendee accounts the Administrator has authority under section 1820(a)(5) of title 38 to fix the terms of sale of properties "as he determines to be reasonable."

Our existing regulations (38 CFR 36.4506 and 4518) afford assistance through postponement of payments on direct loans and authorize extension and reamortization in the situations sought to be relieved by the 5-year moratorium and extension and reamortization features of section 3(d). The authority contained in section 1820(a)(5) of title 38 is considered to be broad enough to permit the same relief in respect to vendee accounts.

While section 3(d) is not applicable to guaranteed or insured loans, we believe it appropriate to point out that pursuant to section 1816 of title 38, United States Code, and Veterans' Administration regulations (38 CFR 36.4314 and 4318) ample authority exists for the holders of guaranteed and insured loans to afford borrowers similar assistance. In addition, advances may be made for necessary repairs to borrowers by holders of guaranteed and insured loans, as well as by the Veterans' Administration as the holder of vendee and direct loan accounts.

We have no basis on which to make an estimate of the cost to the Veterans' Administration if section 3(d) of S. 1861 were enacted. However, past experience with loans on properties in areas designated as disaster areas indicates that any additional cost would be minimal.

To summarize, our existing authority appears to be sufficiently broad to afford the type of relief contemplated by section 3(d). The section would provide some additional authority which might prove helpful in this area. Accordingly, we would not object to its favorable consideration by your committee.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

A. H. MONK,

Associate Deputy Administrator.

(For and in the absence of W. J. Driver, Administrator.)

HOUSING AND HOME FINANCE AGENCY,

OFFICE OF THE ADMINISTRATOR,

Washington, D.C., June 21, 1965.

Subject: S. 1861, 89th Congress (Senator Bayh and others).

Hon. PAT McNAMARA,

Chairman, Committee on Public Works, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for Agency views on S. 1861, a bill to be cited as the "Disaster Relief Act of 1965." This bill contains several provisions to make available, as permanent legislation, additional disaster assistance to localities and private individuals.

The Housing Agency agrees that there is need for additional permanent disaster assistance legislation. However, it would recommend substantial changes in those sections of the bill relating to the program responsibilities of this Agency.

These various sections of the bill are discussed and commented on separately in the enclosed supplementary statement.

Sincerely yours,

ROBERT C. WEAVER, *Administrator*.

HHFA SUPPLEMENTARY STATEMENTS ON S. 1861

Federal loan adjustments (sec. 3(c))

This subsection would authorize the Housing Administrator to "refinance" notes or other obligations held by him "where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster." The interest rate on such obligations could be reduced to not less than 3 percent, and their terms could be extended to not to exceed 40 years. Interest and principal payments could be suspended during an additional period of not to exceed 5 years. This provision is similar to other subsections of section 3 relating to loan programs administered by the Secretary of Agriculture, the Administrator of Veterans' Affairs, and the Administrator of the Small Business Administration.

Housing Agency loans to which this provision would apply include public facility loans, under title II of the Housing Amendments of 1955; loans for housing for the elderly or handicapped, under section 202 of the Housing Act of 1959; college housing loans, under title IV of the Housing Act of 1950; and housing rehabilitation loans, under section 312 of the Housing Act of 1964.

Housing rehabilitation loans are presently authorized at 3 percent, for not to exceed 20 years. Loans for housing for the elderly or handicapped may be made for not to exceed 50 years; the other listed programs are limited to 40 years. The maximum interest rates on these programs are determined by formulas based on the cost of borrowing money from the Treasury, and presently outstanding loans bear rates varying between $2\frac{3}{4}$ and 4 percent.

There is already authority to modify the terms of loans under these programs, but in general only subject to the specific limitations in the various statutes. Although section 3(c) of the bill would, in many cases therefore, not substantially increase our present authority, we would in general favor its enactment. The 5-year-loan-extension authority, especially, would be useful in some cases.

It would be desirable, however, to amend the language in the provision, which now permits consideration only of damage to property or facilities securing the loan obligation. Loan adjustments may well also be necessary because of other destruction in the community. For example, a sewer or water facility may itself have suffered minor damage, but damage to the community may have substantially impaired its loan re-payment ability. Also, there is some question as to whether our housing rehabilitation loans should be permitted to be extended to up to 45 years, even in disaster situations. These loans should probably not be extended for longer than a maximum of 35 years.

Refinancing of outstanding mortgage obligations (sec. 4)

This section would establish a new 75 percent Federal-25 percent State grant program to provide funds for refinancing home mortgages or other real property liens. Only those liens would be eligible which are not federally insured or guaranteed and which are secured by one- to four-family homes severely damaged or destroyed by a major disaster. The funds would be used in accordance with plans submitted by the States and approved by the President.

This section resembles in many respects the grant authority enacted as part of the emergency 1964 Alaska legislation. However, that legislation authorized grants, rather than loans, for retirement or adjustment of home mortgage and other obligations, while this section refers only to the provision of loans for the proposed refinancing. Loans are of limited purpose in situations involving substantial disaster damage. We understand that the Bureau of the Budget is submitting to your committee a substitute provision to establish permanent legislation designed more fully to meet this problem. We, therefore, have no comments on the technical aspects of section 4 as now proposed in the bill.

Shelter for disaster victims (sec. 5)

This section would authorize the President to provide dwelling accommodations for individuals or families whose dwellings have been destroyed or substantially damaged by a major disaster. The emergency accommodations could be made available through acquisition, acquisition and rehabilitation, or lease. They would remain available for "such period as may be necessary to enable the indi-

vidual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance." Rentals would be based on financial ability to pay.

We understand that the Office of Emergency Planning already has, and exercises, considerable authority for the provision of emergency shelter. We defer to that office as to whether additional authority is needed. We would, however, like to point out the dangers inherent in any program which attempts, as this does, to provide emergency shelter to remain available for an indefinite period. It should also be noted that the Small Business Administration disaster loan program and the various housing programs of this Agency already provide very substantial assistance in the provision of new or rehabilitated housing which is to be used on a permanent or indefinite basis.

Insured FHA disaster loans (sec. 6)

Subsections (a) and (b) of this section would amend the present Federal Housing Administration program of mortgage insurance for disaster housing. The maximum mortgage amount under this program would be increased from \$12,000 to \$20,000, and the maximum maturity would be extended from 35 to 40 years. The mortgage financing would be made available, through special-assistance mortgage purchase by the Federal National Mortgage Association, at a below-market interest rate.

We see no need for this new authority. The proposed interest rate would still be in excess of the 3-percent loans already available, through the Small Business Administration, for replacement of disaster-damaged homes. We have no wish to establish a competing program administered through this Agency.

Subsection (c) of this section would amend the FHA section 221 program of housing for moderate-income and displaced families to include reference to families displaced "as a result of a major disaster" in addition to those displaced "as a result of governmental action."

The purpose of this amendment appears to be to make available to disaster-displaced families the same special rental priorities and other benefits now available under section 221 to those displaced by governmental action.

This Agency has no objection to this proposed amendment. To the extent that section 221 housing may be of assistance to disaster victims, it seems entirely justified that they should have access to such housing on the same terms as governmentally displaced persons.

As drafted, the amendment has technical defects, since it would amend only subsections (a) and (f) of section 221. Similar amendments should be made also in the third proviso of section 221(d)(2), the third proviso of section 221(d)(3)(iii), and section 221(d)(6). The first and third of these amendments would make available to disaster-displaced persons the same special downpayment and maturity terms in the home purchase program under section 221(d)(2) as are now available to governmentally displaced persons. The second amendment would make a technical conforming change in the multifamily rental or cooperative program under section 221(d)(3).

Assistance to unincorporated communities (sec. 9)

The first paragraph of this section would amend the definition of "local government" in the act of September 30, 1950, to include "a rural community or unincorporated town or village." The principal effect of this amendment would be to authorize repair and replacement of "public facilities" in such areas.

This Agency has no objection to this amendment. We defer to the Office of Emergency Planning as to the need for such additional authority.

The second paragraph of this section would amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture, in areas which have suffered major disasters, to make or insure loans to nonprofit associations and to public and quasi-public agencies for acquisition, construction, improvement, or extension of waste disposal systems and other public facilities needed for disaster recovery. The Secretary would also be authorized to make

up to 50-percent grants for the same purpose where loan financing would require service charges more than 50 percent above the average in comparable communities in the State or beyond the financial ability of a majority of the users.

This Agency strongly recommends against enactment of this provision. It would substantially overlap the program of loans for essential public works or facilities which this Agency administers under title II of the Housing Amendments of 1955. Amendments to make the program also available to private nonprofit bodies are presently pending in the housing and urban development bill of 1965. It would also overlap the proposed Housing Agency programs of grants for sewer, water, and other community facilities under that bill.

This Agency has basic responsibility, within the executive branch, for administration of community facilities programs. Any additional Federal assistance for such facilities should be administered through this Agency.

Senator BAYH. The first two or three witnesses that we have on our schedule this morning have been unavoidably detained, we are advised, and are on the way.

We would like to ask Mr. E. Lee Feller of Coldwater, Mich., who is accompanied by Mr. Boyd Wiggins, if he would desire to let us have the benefits of his thoughts on this.

While they are proceeding to come to the microphone, I would like to ask permission on the part of the committee to introduce a statement that I have on the subject, inasmuch as it pertains, at least partially, to a disaster in the form of tornadoes which we had in Indiana. (The statement referred to follows:)

STATEMENT OF HON. BIRCH BAYH, A U.S. SENATOR FROM THE STATE OF INDIANA

On Palm Sunday of this year, at least three killer tornadoes swept through northern Indiana and into neighboring States.

Within the space of a few hours, quiet and well-kept towns of Indiana were transformed into scenes of devastation.

One hundred and thirty-eight Hoosiers were fatally injured that day. Another 1,369 persons in Indiana were hurt. The tornadoes which struck Indiana destroyed 1,251 homes, inflicted major damage on 679 others, and minor damage on 1,227 more; 208 trailer homes were destroyed, another 94 heavily damaged; 1,055 farm buildings were destroyed, and another 178 were damaged; 154 businesses were destroyed or damaged.

In all, 3,875 Hoosier families suffered losses of one kind or another on that fateful day.

These figures for Indiana can be multiplied many times over when we consider the natural disasters that have struck various parts of our Nation since the spring of last year. The earthquakes in Alaska and Washington * * * the record floods in the Pacific Northwest and the Midwest * * * the floods now inundating Kansas and Colorado.

We have, of course, some Federal provisions for disaster aid. By and large, these have been administered fairly and have, as far as they go, proved helpful.

The purpose of these hearings, however, is to determine whether Federal disaster assistance presently available to communities and individuals is adequate to meet the needs—the pressing needs—imposed on people, cities, and States through no fault of their own.

It took a special act of Congress to provide reasonably adequate assistance to Alaska after its terrible earthquake. We recently have passed another special act to provide some additional assistance to the Northwest States which were struck by floods.

The simple fact that we have had to resort on occasion to special, sectional acts of Congress to provide relief for disaster areas should be indication enough that present laws are inadequate. Certainly, it is time for us to pro-

vide adequate and equitable disaster relief to disaster victims wherever they live in this great country.

Let me say at the outset that I do not favor legislation that would in any way discourage sound business practices or private charity. I am not interested in the Government getting into the insurance business or discouraging individual incentive. I am, however, vitally interested in Government being involved in matters which, because of their magnitude, cannot be coped with by individuals alone. I am also vitally interested that the National Government face up to its responsibilities in matters where city and State governments need a helping hand.

When disaster strikes on a broad scale, there are two general problem areas, damages to the public domain and damages to individuals and their private property. Present law recognizes both problem areas as legitimate concerns of government. But, in both areas, present assistance available falls far short of existing needs.

In the public domain, for example, minimal assistance is provided for the repair or reconstruction of schools. It seems to me that where local and State resources are exhausted, we have the clear responsibility to provide all the assistance necessary to disaster areas to see to it that schools are rebuilt, that books and equipment are provided, and—in cases of extreme emergency—to help keep those schools operating.

Federal highways, as we know, are constructed on a Federal-State matching-fund basis. In a disaster, State funds and State funds only must be diverted to the repair and reconstruction of damaged State highways and county roads and must be used to help repair city streets. It makes sense to me, therefore, that the usual matching-fund formulas should be dispensed with in the repair and reconstruction of Federal highways in disaster areas.

Unincorporated communities—a number of which have been devastated by recent tornadoes and floods—find themselves in particularly difficult straits after a disaster. Logic dictates that these areas should be extended the same special assistance that is available to cities and incorporated towns in time of disaster. Often the very existence of these areas and rehabilitation demands water and sewerage facilities, matching Federal grants as in the programs.

In the area of private assistance, we must extend help to homeowners who, more often than not, find themselves in extreme financial difficulties following a disaster.

In Indiana, a large number of families were left with the burden of a mortgage or a loss of their equity or both after their homes were blown away by the storm. We must strive to ease this burden, to help them rebuild—either through long-term, low-interest loans or through a cost-sharing plan, or a combination of both.

The same is true of businessmen and farmers who lose their stores, or their barns; their stock or their livestock; their equipment or their fences.

It seems to me we have an obligation to provide a means by which payments can be suspended on home or business loans for reasonable periods so that disaster victims have a chance to get back on their feet. I believe we have an obligation to provide shelter at reasonable cost to families displaced by disasters.

All these things would be an investment, really, for they would encourage people to make good on their existing obligations; they would help people over a rough road so they could continue as contributing citizens and not be forced into unmanageable financial situations or bankruptcy.

I am wed to no specific language nor any specific means of alleviating the problems of which I speak. S. 1861, which I introduced for myself and more than 30 of my colleagues, proposes specific means. I think I speak for us all when I say that if there are better means to accomplish the same ends, we will wholeheartedly embrace them.

What must be emphasized, however, is the obvious need—and our obvious obligation—to provide broad and general assistance to victims of all types

of natural disasters who reside in an area designated by the President of the United States as a disaster area. We are not proposing or suggesting that the Federal Government provide relief in spot cases of tragedy for, as I said earlier, we are not interested in getting into the insurance business. We suggest only that residents of areas sufficiently devastated to warrant designation by the President as disaster areas be extended greater and more meaningful assistance than that now available.

This must be done to relieve general suffering by individuals and their families and to prevent wholesale economic difficulties in entire cities and States.

Indeed, it would be ironic if the Congress does not see fit to provide such assistance for disaster-stricken citizens of the United States. In the past decade, we of the United States have extended disaster assistance to dozens of foreign nations in the amount of \$797,300,000.

When portions of Chile were devastated by an earthquake, this Nation extended a generous helping hand. We gave Chileans an outright grant of \$20 million. We gave them a loan, in addition, of \$100 million. We suspended repayment on the principal of the loan for 10 years. We set the interest rate at three-fourths of 1 percent.

We are a Nation of compassionate men and women. Our expenditures of billions of dollars to help our foreign neighbors economically and militarily is testimony to that. We are in the process now of approving another \$3 billion in foreign aid.

Surely, it is not too much to ask that we spend an amount of money, infinitesimal compared to foreign aid, on our own people at a time when they are desperately in need of a helping hand.

Surely, it is not unreasonable to suggest that logic, compassion, and necessity demand that we provide more adequate assistance to Americans—hard-working, wage-earning Americans—who, suddenly, through no fault of their own, find themselves without a home, without possessions, and heavily in debt.

Our people have been led to believe that adequate Federal assistance will be available to them in time of disaster. Unfortunately, this is not the case. Our job is to make it so.

For, as in so many of our national programs, we are not suggesting a hand-out. We are suggesting that we help people to bounce back onto their feet after being knocked down by the unpredictable forces of nature. We are suggesting that we find a way to help people so they may help themselves.

That is in the best tradition of our Nation, its people, and this Congress.

Senator BAYH. I am personally interested, and have viewed the area, and we have given considerable thought to the preparation of the bill on which we will hear testimony today.

I want to thank all of the other Senators who joined in the preparation and in the introduction of this bill, some 30 of us.

I am looking forward to getting the testimony of private citizens and of individuals who are charged with disaster responsibility in the various Federal agencies, so that we can have a basis for overhaul or revision of the national disaster laws.

I would like to recognize my colleague from Utah, Senator Moss, if he has any observations that he would like to make at this time.

Senator Moss. Well, thank you, Mr. Chairman.

I am here to hear the testimony, and not to be a witness myself, except to say that the fact that we are now having flood disaster in Colorado and Kansas and Nebraska, and some in Montana, underlines the need to have some general overall plan that can quickly be put

into effect when the disaster strikes to relieve as much as we can loss of life and property, and to restore property, and it seems to me this bill is designed to effect that, so I am anxious to hear the testimony, and to move along to see if we can get some legislation in this area, and I compliment the chairman for his leadership in bringing this bill before the committee and pushing it along the way it is going now.

Senator BAYH. Senator, you are very kind in your compliments. However, there are many who are responsible for this. I know of your interest.

Our colleague from Oklahoma, Mr. Harris:

Mr. Harris, do you have some thoughts to express?

Senator HARRIS. Mr. Chairman, I simply would join in the commendations of you and others in the drafting of this legislation which is attempting to bring some uniformity to the declaration of disaster areas, and toward the efforts which are made for the recovery of those areas.

Senator BAYH. I would like to introduce with no objection at this time a statement by Senator Miller of Iowa. Senator Miller has been one of those who have been interested in this, and, inasmuch as Iowa, as well as many other States, have been plagued with some of these recent disasters, with no objection, I would like to put his statement in the record at this time.

(The statement referred to follows:)

STATEMENT OF HON. JACK MILLER, A U.S. SENATOR FROM THE STATE OF IOWA

I make this statement in support of S. 1861, of which I am an original cosponsor, to provide additional assistance to areas suffering major disaster.

The devastation resulting from the record floods and tornadoes in the Midwest is well known. It has likewise occurred in other parts of our country, and I want to make it clear that this bill is designed to cover disaster situations in every part of the United States where such unfortunate events have occurred.

Hundreds of lives were lost, many more were injured, and millions of dollars of damage resulted to property and livestock. No one will ever be able to affix dollar values on the human suffering.

The President declared most counties in the State of Iowa to be a major disaster area on April 22, 1965. Several assistance programs were brought into play under existing law. These included the furnishing of millions of pounds of surplus commodities to flood and tornado victims and making available 3-percent Farmers Home Administration loans on homes and buildings for periods up to 33 years and on equipment and livestock up to 7 years. The Iowa National Guard helped to evacuate residents and livestock, patrolled, built and repaired levees, and searched for and recovered victims. Thousands of Iowans, including many school and college students, contributed hours of their time.

Today, however, the floods are down, the tornadoes are gone, but much of the misery, devastation, and mortgage obligations remain. Insurance covered only part of the loss at best. In frequent disaster areas, the cost of insurance coverage against these risks is prohibitive. New financing may be available to some victims, but only by assuming a new mortgage in addition to the prior one covering an asset which may no longer exist. Many of the victims face prospects of foreclosure or bankruptcy or both.

The present law primarily provides for assistance to our States and local communities. I would point out that the bill does provide for assistance to repair or rebuild Federal-aid highways and bridges on the 100-percent basis rather than the matching basis which exists under present law. Within recent experience, many States simply do not have sufficient funds available to meet the matching requirements.

The present law is fatally weak with reference to the problems of individuals. There is a great and immediate need to provide assistance to both individuals and businesses who have lost or suffered serious damage to homes, buildings, and equipment.

S. 1861 is a consensus of the machinery needed to meet the most pressing needs of victims in disaster areas. It is the result of weeks of exchange of ideas and conference among the original cosponsors. The need for this legislation is urgent, and I hope it will receive favorable consideration by this subcommittee. I feel the need to take care adequately of Americans who go through these hardships is as great as the need of those to whom we extend foreign aid.

Senator BAYH. Senator Nelson is another of the group of 30 Senators who joined with us in the construction and subsequent introduction of this legislation.

I would also like to include his statement in the record.

(The statement referred to follows:)

STATEMENT OF HON. GAYLORD NELSON, A U.S. SENATOR FROM THE STATE
OF WISCONSIN

Mr. Chairman, I appreciate the opportunity to submit testimony in support of S. 1861, of which I am a cosponsor.

This bill, known as the Disaster Relief Act of 1965, is a comprehensive proposal to provide relief to victims of floods, tornadoes, earthquakes, hurricanes, and other natural disasters.

Because of the length and scope of this piece of legislation permit me to briefly summarize its provisions. S. 1861 provides for—

1. Federal loan adjustments in declared disaster areas whether the loan be from the Farmers Home Administration, Rural Electrification Administration, the Housing and Home Finance Agency, the Small Business Administration, or the Veterans' Administration.

2. Refinancing of mortgage obligations on real property not insured or guaranteed by any Federal agency.

3. Shelter for disaster victims by providing accommodations through acquisition or lease of existing housing or mobile homes.

4. FHA-insured disaster loans of up to 100 percent of the appraised value of the property or estimated cost of repair to replace or restore homes.

5. Extension of time for compliance with programs administered by the Department of Agriculture.

6. Utilization of the civil defense communications system to warn governmental authorities and the civilian population in areas endangered by imminent natural disasters.

7. Assistance to any rural community or unincorporated town or village struck by a natural disaster.

8. Assistance to elementary and secondary schools where local communities hit by disasters have exhausted their resources to repair or replace damaged schools.

9. Assistance to rebuild or repair Federal-aid highways or bridges in disaster areas.

In summary, this bill primarily seeks to provide the additional machinery necessary to meet the pressing needs of the individuals in disaster areas.

Regrettably we have had far too many disasters during the last few years. The Alaska earthquake seems to have been the beginning of a long chain of disasters. Since that quake in March of 1964, 30 major disasters have occurred. The latest being the May 26 floods in South Dakota.

All of us who are sponsoring this bill believe that present laws generally provide adequate assistance from the Federal Government to our States and our communities when we are considering public property losses.

But we also generally agree that there is a great and immediate need to expand existing law to make it possible for the Government to help individual citizens in disaster areas who lose their homes, businesses, farm buildings, and other property. Too often disaster victims lose everything except their mortgage obligations.

The damage to these individuals has been severe in every place that natural disasters have touched down. I don't believe any one State or area of the country has had a monopoly on these unfortunate circumstances.

However, Wisconsin certainly has had more than its share of damage. Regrettably, my State has been struck twice. First by the tornadoes that swept through the Midwest and second by the floodwaters that also ravaged much of the Midwest. The damage has been just tremendous. As of last week, 19 Wisconsin counties had been designated as disaster areas, 5 because of tornado damage and 14 because of flood damage.

So severe was the destruction that the Governor of Wisconsin estimated public damage at \$3,562,000 and private damage at \$11,583,000—a total of \$15,145,000. Only \$2,002,000 of that damage was declared eligible under Public Law 875.

The Red Cross was on the scene almost from the very beginning. Here are the grim figures that they have compiled in Wisconsin :

Three were killed, 155 injured, 23 were hospitalized, 69 homes were destroyed, 458 homes suffered major damage, 1,797 homes suffered minor damage, 101 farm buildings were destroyed, 192 small businesses were destroyed or suffered major damage, 2,435 families suffered losses, and there were a total of 74,340 disaster victims and workers given mass care.

These figures, I remind you Mr. Chairman and members of the committee, represent the toll in Wisconsin. They do not tell of the countless numbers of families and individuals who have been struck by the 30 other disasters beginning with the Alaska earthquake in March of 1964.

There is very little one can do to console disaster victims. This is especially so when they suffer the loss of their homes or farms or businesses. The least the Federal Government can do is help these people get back on their feet. With the resources possessed by this country, I believe we have a definite obligation to give help.

You or I cannot stop natural disasters once they start. We cannot prevent them from happening. We have no control over where they strike or the damage they cause. But we can do something once they happen. Congress can do something. This bill is a step in that direction.

Senator BAYH. Mr. Feller, it is good to have you with us. Let us have your thoughts without further delay, please.

STATEMENT OF E. LEE FELLER, COLDWATER, MICH.; ACCOMPANIED BY BOYD WIGGINS, DIRECTOR OF CIVIL DEFENSE, BRANCH COUNTY, MICH.

Mr. FELLER. Mr. Chairman, I am Lee Feller, president of Fellmen & Alliance Associates, Inc., Coldwater, Mich.

In connection with my work with Fellmen Associations, I have had occasion over the past few years to do consulting work with various public and private groups dealing with the problems of food distribution in various developing areas of the world.

However, this morning I am here to testify regarding my personal experiences with the disaster that struck our country in Michigan a few weeks ago and our subsequent experiences bearing on the Disaster Relief Act of 1965 now before your committee.

I would appreciate permission to show some slides, if I may, relative to this disaster and these hearings.

Senator BAYH. Please do.



House before tornado.



Same house after tornado.







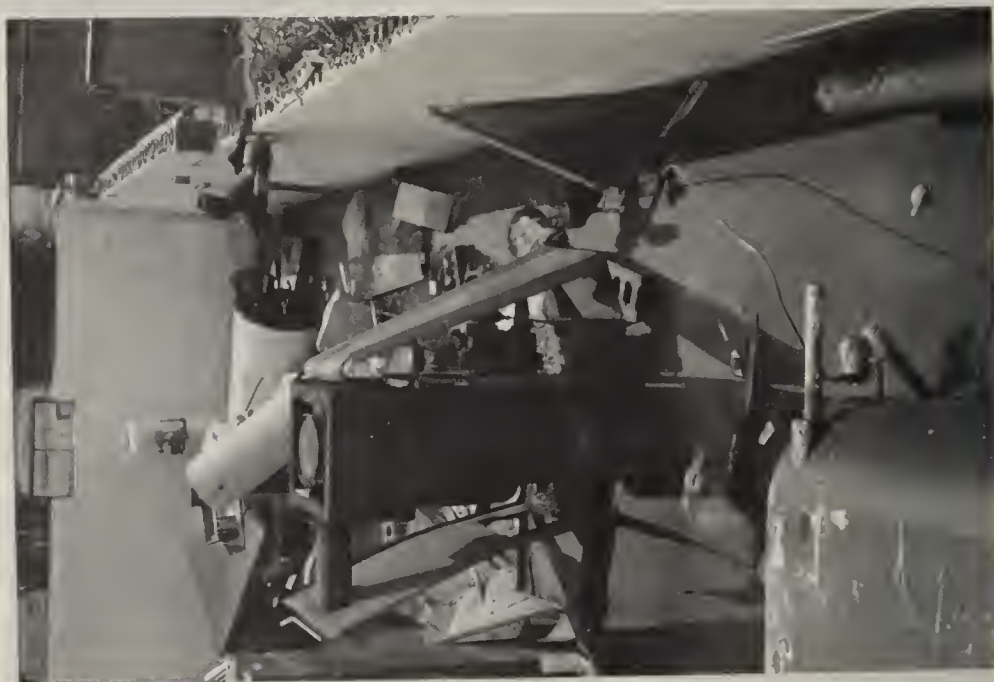
















Mr. FELLER. This was the scene that dawned bright and clear Palm Sunday morning, April 11, on Coldwater Lake in Branch County.

Ten hours later, this was the scene of devastation that swept the county along with many other areas of the Midwest. I was personally deeply affected by this disaster since the scene you see here represents the remains of my home, guest house, cars, boats, and all personal belongings. I can literally say, I not only lost my shirt but my socks along with it.

The first of the two tornadoes hit us here [indicating slide], with my wife and two daughters taking refuge in the basement. The second caught us in a small garage down the street as shown. The garage, its contents, and tons of debris swept over us and several of our neighbors as we took refuge in it, which you can see is no more.

Two died 200 feet away from this spot at that moment. We were able to save one from immediate death from hemorrhage. Although 20 others died in Branch County that night as a result of the two tornadoes that hit us within 45 minutes of each other and packing 600-mile-an-hour winds, I am personally thankful that, although the disaster left our family practically nothing of material value, we did survive with only my oldest daughter carrying permanent scars.

The disaster hit our area 72 days ago. Promptly, President Johnson declared the area a disaster area. As a result of the newspaper, radio, and television publicity, the hopes of the victims—still reeling from shock—were raised by the widely held belief that Government assistance would be made immediately available.

However, 72 days later (over 10 weeks) a second shock and a feeling of disgust and disillusionment has overcome the citizens of Branch County, as I am sure it has overcome many other areas similarly affected. In all this time, not 1 cent of Federal or State assistance, to my knowledge, has reached our county from any of the many Government agencies charged with bringing relief and help to such disaster areas. Not 1 cent of Small Business Administration loan money has reached our area. No Farm Home Administration loans have been made. No debris clearance funds have reached us from the Office of Emergency Planning.

The only assistance received was that given by local government, contractors, and volunteers during the emergency following the disaster. The county government has \$70,000 in bills waiting to be paid if and when disaster funds are available.

Is it any wonder that folks around Branch County are commonly heard to say that the local chapters of the Eagles and Moose Lodges, among others, have done more to help out in this disaster, thus far, than the entire Federal and State governments put together. Again, is it any wonder that many comments are made in Branch County to the effect that we would have at least appreciated receiving just the money it cost for President Johnson and Governor Romney to fly over the area and extend their sympathy.

I would like next to quickly flip through a series of slides showing the scope of our recent disaster and the visual need for prompt and greater assistance than apparently is now possible on the part of various governmental agencies under present legal and administrative procedures.

This happens to be the front of my own home. This was one of my neighbors, the following morning, who was just looking for a place to find some water. There was no pure water in the area.

This is a rear view of my home, where I had a guesthouse. That was carefully developed and landscaped, a beautiful residential area.

This is a visual aerial shot of one of the farms nearby. More aerial shots, showing debris.

This is a woodland in back of our residential area. The storm, you can see, swept and tore down and shredded the trees in this entire area woodlot, spreading it over farmland, picking up water and throwing it into the low areas of the area. This was a highly developed wooded area.

Refrigerators and stoves smashed against the shredded tree.

Farmland, literally for hundreds and thousands of acres in our area, scattered with debris, much of which was carried from as far as 100 miles away.

Here was one of the most beautiful farms in our county, a lovely developed farm home. The property—the man had his life devoted to creating one of the most beautiful farms in our county, and this is what he found the following morning. He and his wife were in a basement of the home. His wife is still in the hospital, just barely alive.

This is one of the cows in the field, one of many which were thrown in our swamplands, and some of which were carried many miles.

This is a beach area in our contaminated lakes in our resort area.

This shows the contamination, one of the outhouses that was carried over into the lake.

This was a \$150,000 marina, commercial property, completely obliterated.

My daughter had occasion to run to this car shortly after the disaster, and, of course, the man in the back seat was pinned and screaming. She could do nothing. No help reached us in this area for over an hour and a half.

A woman was killed when she was thrown from this house trailer.

Here are some of my neighbors' homes.

This shows as a fringe area, where health hazards still exist, and again where debris clearance has not taken place. This represents a real continued danger in our area.

This again is part of the fringe area, where a health hazard and danger area still exists.

Farmlands were scattered with debris. Rats are contaminating the areas, corn bins, as you see in back, representing harbor and feed for the rodents that are now infesting the area. Health and sanitation problems still exist very dramatically in our area. This is another commercial property.

We have taken action to keep people from hurting themselves from debris in our lake area.

This is a picture of some of the projecting objects that stick out of the lakes. Many trees have been driven directly into the water like pilings, and still are just below the water, causing very dangerous conditions for boating.

Individuals are doing most of the work of debris clearance, because, again, we have had no Federal or State help in debris clearance yet. Our lakes' shores were covered by this kind of debris in our lakes.

Hundreds of ducks were dead in the road, and in the lakes. Trees were picked up bodily and thrown directly over in the lakes, contaminating the area.

Septic tanks were just literally pulled right out of the ground, and dumping their refuse into streams in local areas. As you can see, the outhouse in the back of a cottage here was dumped directly into a drainage area, and yet we are told these are not health hazards, and therefore not applicable on private property under the present law.

This was the last day that local help was available on a voluntary basis, and we were told on that day by the Office of Emergency Planning, completely reversing their previous decision, that no help could be available, because this was a private lake and private property under the present law.

Here again, our city helped us and finally had to withdraw, after spending \$70,000 of their own funds in a small community.

Here was a house of one of my neighbors before. This is the house after.

Shortly, there followed the establishment of an SBA disaster office. This office was open for a few weeks. They closed the office for lack of further applications. To date, one of these SBA loans has yet to reach our area.

We, as citizens, turn to government to assist us with service above and beyond that which we are able to provide for ourselves at a local level. Most individuals, communities, and rural counties do not have reserve moneys to meet emergencies such as disaster. Most families do not and cannot carry insurance to fully cover damage encountered in disasters. The farm businessman, commercial businessman, and homeowner must turn to local, State and Federal government for assistance following a disaster to assist with cleanup, rebuilding, and rehabilitation.

As stated above, 10 weeks ago yesterday, on May 11, 1965, several tornadoes hit Branch County, Mich., along with other areas in the Midwest. Some 50 square miles of Branch County were affected, varying from complete destruction of homes and buildings to scattering of debris in fields, lakes, and woods. Some of this debris came from many miles away. The task of cleaning up and rebuilding is so huge that neither the individual families nor local governments can bear the burden alone. We must, therefore, look to State and Federal Government for assistance.

There were about 515 families affected by the tornadoes in our country. There were 20 killed, 159 admitted to the hospitals with injuries, and an unknown number were treated as outpatients. A survey showed 192 homes, 48 cottages, 112 barns, 25 trailer homes, 7 commercial buildings, and 35 garages completely destroyed; 128 homes, 44 cottages, 60 barns, 3 trailer homes, 3 commercial buildings, and 8 garages were partially destroyed. Debris was dumped into six of our commercial lakes in the county. Recreational use of Coldwater Lake has been curtailed because of the presence of debris which causes a health and safety hazard.

This disaster has a direct effect on the agricultural, tourist, and commercial economy of our area. Farm families were not able to clear their land for spring planting. Livestock was destroyed or damaged and had to be sold. Financing for clearance of debris from building sites and fields was not available so enough and placed an unbearable financial burden on the citizens and local government.

The U.S. Department of Agriculture has made emergency feed gains available and provision for payment under special practice for debris clearance on cropland to disaster victims. We can surely be thankful for the thousands of hours of labor our young people and adults volunteered those first 10 days to assist with preliminary cleanup.

About 3 weeks ago, an estimate was made of tax losses on property not covered by insurance. Total losses have been estimated at \$10 million. Insurance agents estimated that only about 45 percent of the agricultural loss was covered by insurance and about 65 percent of nonfarm residential and commercial property was covered.

As the matter now stands, the property owners will be paying about \$65,000 in taxes on property which no longer exists and was not covered by insurance. Much of this property will not be replaced, and the tax base of Branch County will be lowered next year with tax revenue losses to schools, local, and county units of government. This, then, places a burden on other taxpayers in the county.

Most of the families had indebtedness on their farms, homes, and businesses. Even full insurance coverage will seldom cover the cost of replacement. Many were without insurance or had very little. The farmer and businessman had his income eliminated or curtailed for a varying period of time.

Most current local interest rates average 7 percent and with only relatively short-term loans available. It will be too much of a burden on many families if they have to assume this kind of a debt load on top of their present indebtedness. Some will not be able to obtain credit because they now lack the necessary security.

Some people will seek other employment rather than face further indebtedness and higher credit payments. Most farmers cannot find other jobs since they are not trained for modern skills. Many are above employable age according to today's standards.

Local assistance is not available on a broad enough scale or in large enough amounts to do the job that needs to be done. We need programs from our Government to assist us beyond that which we have done and can do for ourselves. This means a type of credit which does not place an unbearable burden on our people. We also need means of obtaining assistance in a shorter period of time following a disaster than at present.

It appears that Senate bill 1861 will assist with the needed financial assistance to families in disaster areas. The long-term loans and reduced interest rates will reduce the financial burden that many families face. The 5-year waiver of principal and interest payments can be of definite assistance to those families with high investment and debt loads.

An extension of time to permit farmers to be included under Agricultural Department programs is needed. If the feed-grain sign-up could have been extended this year, it would have helped many

farmers financially. Fields will lay idle this year because time and quick assistance did not provide debris clearance. Some of this land would have qualified under the feed-grain program. This will cut the income of farmers.

Fortunately, in Branch County, we did not have much damage to public facilities and schools. However, it does seem feasible that broader assistance, as authorized under S. 1861 is needed and recommended.

It seems that section 12, "Reimbursement for Necessary Emergency Flood Protection," should be expanded to include reimbursement to individuals, partnerships, corporations, and others for elimination of health and safety hazards after a disaster when public agencies cannot do the job in a short time. Many families in our county could not wait 10 weeks for public assistance to help clean up the hazardous situation. These people went ahead and spent their own money to contract the work. Under present interpretations of Public Law 875, they cannot be reimbursed.

Their neighbors, who have been able to wait, will get the job done by public agencies eventually, and this only after many protracted arguments over whether or not Public Law 875 applies to the situation at all.

The money spent by individuals was needed for rebuilding of their homes, farmsteads, and business places. This has again added further financial burden upon the disaster victims.

I have taken the liberty, this morning, to bring with me to these hearings Mr. Boyd Wiggins, our county extension director and deputy civil defense director. Boyd has been on the firing line along with others of our county officials who, at great personal sacrifice, have been trying to bring help to disaster victims. I would appreciate permission for him to summarize the situation as experienced by our county officials who were charged with direct responsibility of aiding our tornado victims.

Mr. Wiggins, would you please give us a summary of your observations?

Senator BAYH. We would be glad to hear Mr. Wiggins.

We are glad to have your thoughts, Mr. Wiggins, if you could summarize.

Governor Ellington, Director of the Office of Emergency Planning, is now with us, and I know you share our desire to hear his testimony as soon as we can, but we would be glad to have your summary.

I note a difference in the response to this disaster in your area as compared to Indiana. Because of the proximity of Branch County and the northern section of our State, I think it is possible that the same tornadoes struck both States. The difference is that we had immediate response.

You pointed out that one individual had to sit there for an hour and a half. It was an hour and a half before you had any aid. I must say to the everlasting credit of some of our local officials and citizens, that we had immediate aid—in fact, so immediate that some of them were injured in a second tornado that came along after the first one.

Go ahead, Mr. Wiggins.

**STATEMENT OF BOYD C. WIGGINS, COUNTY EXTENSION DIRECTOR,
BRANCH COUNTY, MICH.**

Mr. WIGGINS. Sir, I believe that the reason this man had to sit in the car so long was because they couldn't get the roads cleared in time.

Senator BAYH. The problem was getting trees bulldozed out of the way?

Mr. FELLER. Yes; just couldn't get through.

Mr. WIGGINS. We had a thousand workers volunteer as soon as they knew the tornado had hit. Yes; they did come from Indiana. I hope Indiana keeps their tornadoes down there the next time, sir. [Laughter.]

I am county extension director. I believe in Indiana it is county agricultural agent. I was made deputy civil defense director the next morning. Since then, I have been assistant to the chairman of our board of supervisors, our governing body in the county, working on a disaster fund. My office is the county disaster office, and because of this, I have learned a lot in the last 10 weeks, and I speak with the permission of my board of supervisors.

There are a few pertinent facts that I think we want to emphasize or reemphasize in this summary. One of the problems that we face, have faced in the last 10 weeks, is that the present disaster programs have too long a timelag before assistance is received.

We just don't have money in the county to go in and do it and then wait for Federal moneys when we don't know whether we are going to get them or not, and people just can't wait that long with health and safety hazards around them. We are sure that there are still some animals buried in some barns, if we ever get around to cleaning them up.

It seems to us that some type of an emergency grant should be made available immediately.

Local government, local State and Federal agencies offices could easily administer these funds without all of the redtape that seems necessary under our present programs and still insure proper and legal expenditure of these funds.

Under present programs, emergency funds can't be granted to communities until a Federal survey team certifies the need. In many cases, this takes several weeks. Counties should be given immediate emergency advances against final cost determination. Why can't private individuals be reimbursed for cleanup work which is certified as being in the public interest of health and safety and done under contract? SSCS, USDA programs do this on farm debris clearance.

Interpretations of the disaster program should be uniform from one area to another and between representatives of the same Government agency. They go ahead and get the debris cleared, and then go to the ASC office for their payments. Even though they sign up first, but they go ahead and get it done as an individual.

In Ohio, a different district, they were able to move in and start cleaning up on OEP funds, disaster funds, on May 17, and here we are, still haven't been authorized in the middle of June, the 21st of June. That is a long timelag, just because we live in Michigan and someone else lives in Ohio.

Senator BAYH. This is a considerable amount of disparity.

I am also concerned about the fact you say you have had no Federal funds there whatsoever. We have learned from the Office of Emergency Planning that the Federal Government has channeled about a million and a half dollars into Michigan. This, of course, is administered by the State. None of this has reached Branch County?

Mr. WIGGINS. No. Branch, Hillsdale, and Lenawee Counties were the worst hit, along with northern Indiana counties. I believe Lenawee finally had its certification the latter part of May, and then got some money early in June. Hillsdale and Branch—Branch's applications had not been authorized last Friday, when I left home.

The other thing, in our case we worked the first 3 weeks on one man's interpretation of Public Law 875; then another representative moved in and told us that we did not qualify for assistance under his interpretation. Now, this has been one reason for the lags.

It took another 10 days to get this straightened out, and I believe that our Governor Romney came out here to bring our case to Washington, and then after 10 days, we went back to the certifying of the survey work.

Then, varied SBA interpretations of requirements for loan disbursement have been discouraging and frustrating to loan applicants. They are really not clear.

Publicity released to the public on programs tends to be misleading. People build their hopes that they are going to get help; then find out in many cases that there are too many limitations and confusing red-tape.

I have two letters on my desk that came Friday, people from Detroit that owned property in Branch County, saying they read in the paper where a million and a half dollars was given to Michigan, wondering if they could get a share of that. They had gone ahead and cleaned up on their own, and are wondering if they could be reimbursed.

Many of our rural families today can't possibly recover without financial assistance beyond that now available. Their homes and buildings have been destroyed and their means of livelihood curtailed. Local credit institutions are not in a position to extend any long-term low-interest-rate credit or defer principal and interest payments for a period of time. Homeowners are faced with the same situation, in most cases, even though estimates show they carried a higher percent insurance.

Local businessmen are in the same position as farmers. Many of them need assistance beyond that available locally.

It seems to me that through Farmers Home Administration funds as I see it in this bill, through the changes, that this could be of assistance to rural farm families and our rural nonfarmer families.

Mr. FELLER. Thank you, Mr. Wiggins.

In conclusion, we would like to recommend support of Senate bill 1861. We urge that you consider ways to administer this and other programs more rapidly when a disaster occurs. Assistance is needed immediately in many cases. Uniform interpretation of the disaster programs and bills are urgently needed. Emergency funds to local governments are needed immediately after a disaster. Publicity releases should not be misleading to the public.

We thank you very much for this opportunity to appear before your committee, Mr. Chairman.

Senator BAYH. Thank you very much, sir.

Indeed, you have portrayed an all-too-familiar story to the junior Senator from Indiana, and I am glad to have it in the record.

I think one thing that your testimony and your slides pointed out was the unique character of some of the losses, and the expenses that have to be incurred.

For example, you point to the objects that are protruding from the lake. Well, there are also objects, if your lakes are the same as ours, that were affected and are going to be coming to the surface throughout the summer, and these are going to be a considerable hazard to water skiers and swimmers.

Mr. FELLER. And yet, these lakes, to this day, are certified as not public hazards by the Office of Emergency Planning. To this day, we can't get any help to clear our lakes, because these are considered to be private lakes, because they are surrounded by private owners.

Senator BAYH. When one is anticipating insuring his or her property against loss, this type of loss or expense certainly is not a normal one to consider. An example is the heavy burden that many farmers have had in clearing property. I think that it is beyond the realm of reason to have to consider insuring your property against this type of loss. One farmer that I know—and a county agent could undoubtedly tell us some examples in Michigan—destroyed five large tractor tires, or had them punctured, in plowing a 20-acre field. Well, this is not like changing a car tire, as anyone who has had to change one of them knows. It is an expensive process. And fences. It is very seldom that a fence is ever insured. In fact, it is difficult, if not impossible, to get insurance on fences. Yet in one county in Indiana, we had 300 miles of fencing destroyed, and that is a long line of fence.

I won't pursue this any further.

Senator Moss, do you have any questions?

Senator Moss. Those slides are very telling, indeed. They show a degree of damage and desolation that is hard to conceive, and I think that this was very effective to show the severity of this disaster. I am a little bit at a loss as to why the difficulties have arisen to getting aid in there.

I assume that you had Red Cross aid, and disaster organizations like that, in the early stages. Is that right?

Mr. WIGGINS. Yes, sir; Red Cross for food and shelter. Yet. And then our local agencies, such as our Moose Lodge, our Eagles, chamber of commerce. We had at one time 1,400 high school students in the county, out helping. They took their spring vacation over Easter to assist.

Senator Moss. What about the National Guard? Did the Governor send in the guard?

Mr. FELLER. Yes. The National Guard came in the next morning, and stayed, I believe, 2 weeks.

Senator Moss. I am reassured to know that, but I can see the problem. It is really a financial base for being able to clean up and rehabilitate, and eliminate all of these hazards.

Mr. FELLER. Our final estimate on debris clearance which was submitted was two hundred fifty thousand about six hundred some dollars. And, after spending \$70,000 the first 10 days, of county money, with-

out having it, we had to stop cleanup operations, pending our disaster fund moneys from Public Law 875.

And again, I have people in my office every day, wondering why can't you come out and help us, or when are you going to come out? I believe I have 150 people that signed requests the first week. All right, this is 9 weeks ago, and they wonder why we aren't out there. We can't move, because the office doesn't have that kind of money. This would be $2\frac{1}{2}$ mills on our State equalized valuation, and we just can't raise that kind of money alone.

Senator Moss. Thank you, Mr. Wiggins.

Senator BAYH. I might add one other bit of information for the record, to underscore the seriousness of the picture that was painted here.

We were very much alarmed by the loss that was suffered by our fellow countrymen in Alaska, and we appropriated a sizable amount of money, and passed a special act. Yet, the loss of life in Alaska was 119, whereas in the State of Indiana alone on that one Palm Sunday, we lost 139 people, eventually. Several of them died later. This, again is, a rather striking indication of what mother nature can do when she decides to let loose some of these horrible forces.

Let me ask one other question, if I may, of you, Mr. Wiggins. One of the ways that we have tried to get some relief is to get the Agriculture Department to extend the feed grain program signup 2 weeks. It was all the extension that would have been necessary for this disaster.

Now, the Indiana experience has been this: Despite the burden, despite the loss, our farmers are determined to get back in production, and, as a result, at considerable expense to themselves, they have gone ahead and have cleared this land. It has cost them quite a bit more to get it into production, and because of the lateness of the crop, it is going to be a less economic crop, or a less bountiful crop. This land is going to be in production in Indiana. It is planted now, much of it, but at greater expense. It seems to me that we would decrease production, and provide a financial benefit to the farmer at the same time, which, as I see it, are the purposes of the feed grains program.

Now, has this been the experience in Michigan, or are there going to be large areas that aren't going to be put into use?

Mr. WIGGINS. No. This is pretty well the same experience in Michigan, but this was our purpose, when we asked for the feed grain program to be extended, the same as your purpose in Indiana, so that the farmer would have more time to clear his land, and it would also serve the purpose of cutting down on production. This is why I think that the Secretary should be given this right to open these up.

Senator BAYH. So, it is fair to say that it is going to cost considerably more per acre to put it in. Probably because of the lateness of the season, the income will be less, and, yet, there is going to be production on this land.

Mr. WIGGINS. Some of it. Some of it will have to lie idle because they couldn't get in and get it cleared in time. I hate to think of the cost of harvesting wheat with all of the debris that was in the wheat that they couldn't get in and get out.

I guess we should be in the tire business this year, with the number of tires that are being ruined.

Senator BAYH. Thank you very much gentlemen.

Do you have anything further?

Mr. FELLER. Thank you.

Senator BAYH. Let us now have our Director of the Office of Emergency Planning, Gov. Buford Ellington.

Governor, it is a pleasure to have you with us this morning.

Mr. ELLINGTON. Thank you, sir.

Senator BAYH. I know first hand of your interest in this, inasmuch as we both had the good fortune, or should I say misfortune, of accompanying the President to view some of these disaster areas, and I am anxious to have your thoughts on what we can do to complement the job that you are already doing on an around-the-clock basis in the administration of our emergency planning and disaster aid program.

STATEMENT OF BUFORD ELLINGTON, DIRECTOR, OFFICE OF EMERGENCY PLANNING; ACCOMPANIED BY ROBERT Y. PHILLIPS, DIRECTOR, GOVERNMENT READINESS; M. M. MERKER, LEGAL ADVISER; AND HUBERT R. GALLAGHER, DIRECTOR, LIAISON AND PUBLIC AFFAIRS

Mr. ELLINGTON. Thank you. Mr. Chairman and members of the committee, I have with me this morning Mr. Robert Phillips, Director of Government Readiness; Mr. M. M. Merker, our legal adviser; and Mr. Hubert R. Gallagher, our Director of Liaison and Public Affairs.

If I might, sir, I will read a very brief statement, and then we will try to be ready for your questions.

First, let me say that it is a privilege to appear before you today in response to your invitation to offer our comments on S. 1861, a bill "To provide additional assistance for areas suffering a major disaster".

As you know, the President has delegated responsibility for administration of the Federal Disaster Act, Public Law 81-875, to the Office of Emergency Planning.

Under Executive Orders 10427, 10737, and 11051, the Director of the Office of Emergency Planning has the authority to coordinate and direct the activities of Federal agencies in providing disaster assistance to States and local governments, and to administer funds for disaster relief made available to the President by the Congress.

Public Law 875 was enacted on September 30, 1950, to provide a uniform and continuing means of assistance by the Federal Government to States and local governments threatened or suffering from the effects of major disasters. The act provides the legal authority for Federal disaster relief and authorizes establishment of permanent administrative procedures to insure the orderly application of Federal assistance when required to alleviate suffering and damage resulting from major disasters.

Federal assistance under the act is supplementary to, and not in substitution for, relief afforded by private, local, and State agencies. The principal types of supplemental assistance available under Public Law 875 are: protective, health and sanitation measures; debris clearance; and the emergency repair or temporary replacement of essential public facilities of State and local governments.

From 1953 to 1962, allocations from the Public Law 875 fund averaged some \$11 million a year. Since 1962, the average under this act

has been over \$49 million a year. In Alaska, alone, following the 1964 earthquake, \$60 million of Public Law 875 funds were required. Some \$276 million of other Federal funds were necessary to cope with that catastrophe, including loans to private individuals and cooperative associations.

I am aware, Mr. Chairman, of your interest in providing the necessary legislation to assure adequate programs to alleviate the suffering and hardships of the victims of disasters. I agree with the necessity for reviewing existing legislative measures at this time to be sure that any desired improvements can be made to cope with what seems to be a growing incidence of major disasters.

Numerous bills have been introduced to take care of special situations arising from individual disasters. In the case of Alaska, the 1964 Amendments to the Alaska Omnibus Act were enacted. Following the 1964 Christmas floods in the Northwest States, the Pacific Northwest Disaster Relief Act of 1965 was enacted to aid those individuals affected. More bills were introduced after the disastrous floods and tornadoes in the Midwest.

Again, the proposals authorized assistance to those particular disaster victims. I am most pleased to see an approach both general in application and permanent in nature, as reflected in this measure.

I have already submitted to you, Mr. Chairman, in our departmental report our recommendations on S. 1861, commenting on each individual section.

Briefly, then, our position on this proposal is favorable, but I would like to defer to those departments and agencies that would be specifically involved in the administration of sections 3, 6, 7, and 8. I would also defer comments on section 4 to the Bureau of the Budget, which, I believe, will offer an alternative proposal.

I would like, if I may, to comment on those sections in which the Office of Emergency Planning has a direct responsibility.

Section 5 of the bill would authorize the President to provide shelter for disaster victims. With one exception, this section duplicates authority now available under Public Law 875 and I believe, therefore, is unnecessary. The exception is the authority to acquire real estate. I do not believe that the present lack of authority to acquire realty under Public Law 875 has ever hindered our ability to provide emergency housing.

I believe, also, Mr. Chairman, that the first paragraph of section 9 is unnecessary since Public Law 875 authorizes the repair or reconstruction of public facilities regardless of their location. This paragraph should be deleted.

I would suggest that the part of section 10 which would amend Public Law 815, the act which provides Federal assistance in the construction of schools in impacted areas, also duplicates authority now available under Public Law 875. The balance of that section, which authorizes grants for the maintenance and operating costs of school districts, is not now available under Public Law 875, and I would defer to the interested agencies.

Section 11 of this bill would authorize the payment of 100 percent of the cost of emergency repair and replacement of any Federal aid highways. I submit, Mr. Chairman, that Public Law 88-658, enacted by the Congress last year, providing for emergency repair and replace-

ment of these highways on the same sliding scale basis as initial construction is a fair and equitable approach.

The Office of Emergency Planning opposes section 12, which provides for reimbursement by the Office of Emergency Planning to individuals, corporations, or other entities up to 50 percent for costs incurred in constructing flood control works. We believe a do-it-yourself flood protection program of this type might have an adverse effect on coordinated flood protection work. It could create heavy administrative burdens on local officials and burdensome costs to the Federal Government.

In closing, Mr. Chairman, let me again make clear that we favor this type of legislation, applicable equally throughout the country and affording Federal assistance to the individual—those who suffer in the greatest degree from the effects of major disasters.

Mr. Chairman, that is our statement, sir.

Senator BAYH. Thank you very much, Governor.

First, let me compliment not only you but Mr. Phillips, in particular, for the close cooperation that our office has received in our efforts to study this program. We have had some situations, I am sure, where we can point to that relief provided has not been exactly what we would like. I can attest from personal experience to the fact that your office and you, Mr. Phillips, and the others, certainly are as interested as we in trying to shore up the weak spots that may now exist.

I have several questions, if I may, that stem from your particular expertise in this area.

You refer in your statement to the debris clearance. Does this refer to debris clearance by private individuals or to clearance of the public domain?

Mr. ELLINGTON. Of course, in the private individual case, Mr. Chairman, we have no responsibility unless it is certified to us that it is a health hazard.

Senator BAYH. Public safety or health hazard.

Mr. ELLINGTON. That is correct.

Senator BAYH. I see.

Who makes that certification?

Mr. ELLINGTON. The Health Department.

Senator BAYH. The Health Department.

Would you care to comment concerning the statement by the gentleman from Branch County?

Mr. ELLINGTON. Mr. Chairman, I didn't arrive in time to hear all of the statement. I did hear part of it. Let me say this, and, if you will, I would like Mr. Phillips to comment on that, because he was directly connected with the program in that area.

We have had, since I came here in February, I believe it was, March, as you may know, almost a disaster a week. There is no reason in that, however, for any delay. Our great problem has been to get those responsible at the local level to understand how far and what we can do under our present program, and under the law under which we operate.

I would not say that that is anyone's fault, because it is human nature that we don't expect these things to ever happen to us. Therefore, in many cases, we had misunderstandings as to how far we could go within the law.

As to the State of Michigan as a whole, let me say this—there were some misunderstandings. Governor Romney came down. We had a discussion. I sent additional men into Michigan. Governor Romney has since contacted me several times that the situation there was being handled fine, as far as he knows. There has been money allocated to the State of Michigan. As to this particular incident, I will ask Mr. Phillips, please, to comment on that.

Mr. PHILLIPS. Mr. Chairman, in situation such as this, it is normal for the State or local government, usually the local government, after consultation with our people, to undertake the work that is necessary to clear the debris, if that is the problem, and other steps that should be taken from a point of view of preserving the health and welfare of the people in general. Knowing that what is eligible and what is not eligible under Public Law 875, as Governor Ellington indicated, in these cases of the tornado damage debris clearance problem, it is necessary under our regulations to have a debris problem on private property declared a public health hazard, and this is done as indicated by the State and local health authorities, and with participation in the U.S. Public Health Service.

Once the town or the city knows what it is going to do, it is in a position and has an estimate in consultation with our people of what is necessary to pay for this work. They can submit an application, which then goes to the State, and the State, after it has approved it, refers it to our regional office, in this case, in Battle Creek, Mich.

There is an application for Branch County, Mich., pending there now. It will be approved this week. It covers the work already agreed upon as eligible. If there is additional eligible work not covered by that application, it will, of course, be reviewed and approved.

This method of moving in 99 cases out of 100 insures rapid action, because you can't approve Federal funds and put them in there until you know what you are putting them there for, but State and local governments have the responsibility for moving on their own in these cases, and where they have been unfortunate enough to have had disasters in the past, they tend to be better educated to these problems, and it is easier for them to process the papers and submit their requests, and, therefore, we can get money to them quicker.

Now, we have a procedure which provides that the moment an application is approved, even though the work may not have been undertaken as in the case of a school that is being repaired, or a city hall or a fire department building, in those cases where the application is approved, we will immediately make available up to 75 percent of the funds required for that project. Then, when the project is completed, and has passed final inspection, the remaining funds, whatever they may be, to pay for the entire job, are made available by the Federal Government.

Senator BAYH. In other words, you would say that the Branch County situation is a unique one, that it normally doesn't take this long to get funds?

Mr. PHILLIPS. No, sir. It normally doesn't take this long to get funds, but there was some misunderstanding in Branch County. The gentleman who testified earlier indicated there were some problems, and it had to do with the interpretation of our regulations, and Governor Ellington, as he indicated, conferred with Governor Romney,

of Michigan, and he instructed us to send additional people in to be sure that there were no further misunderstandings in the State, and I believe that those problems are now straightened out.

Senator BAYH. Thank you very much.

The Office of Emergency Planning, as I understand it, is charged in a major disaster with coordinating the efforts of all the agencies. Is this correct?

Mr. ELLINGTON. That is correct, sir.

Senator BAYH. During the period of the emergency.

Mr. ELLINGTON. Yes.

Senator BAYH. Do you feel that more harmonious relationships, better results, could be accomplished if the Office of Emergency Planning could maintain this control, this guiding hand, during a longer period of time?

Mr. ELLINGTON. Mr. Chairman, I am not sure that I have the experience and background to answer that over a period of time out of the past. I would say this: That the cooperation and understanding between all the Federal agencies since I have been here has been very good, and we are working together. So, I would have no criticism to make of any other agencies in this particular field, from my experience that I have had. They have all moved together. They have moved and worked well together.

Senator BAYH. One thing that concerned me, as I looked for a way to try to be of some small assistance in something as gigantic as this, is that dispensing information, to let the people know how they could get assistance, was perhaps the only real—

Mr. ELLINGTON. Mr. Chairman, if you will recall, I made that statement a few moments ago, that I think this has been one of our big problems in the past, and it is very hard to get it across until there is actually an emergency. Once we have had one emergency, there is not too much trouble, then, to get the information out, but in the beginning, some way, somehow, all of us believe these things are not going to happen to us.

So, it has been a real problem of getting the information out at the proper levels of State and local government. No fault of anybody; it is just the fact that we don't realize that this thing may happen. It is of great importance that we have more information and more understanding in the program.

Senator BAYH. I found that getting the information out after the disaster was made more difficult because of the different agencies involved. Now, whether we can change this or not, I don't know. In other words, the Small Business Administration has a disaster program. The Farmers Home Administration has a disaster program. Overseeing these, of course, is the Office of Emergency Planning. The Civil Defense is in it. The Red Cross is in it. The ASC Office in the Agriculture Department.

We have so many different programs that, quite frankly, there is some confusion. You were kind enough to cooperate in this program, and the people, very frankly, appreciated the effort that was made. It was sort of like giving them a dose of alphabet soup when it was being determined what agency was the one that would suit their particular needs. Is there any way we can get around this?

Mr. ELLINGTON. Well, there probably could be greater cooperation as far as getting out information after an emergency. On the other hand, I don't want to belittle at any time the effectiveness of the different agencies, because I think those agencies know more about applying and working out their problems that they are responsible for than probably we would.

But, as far as getting out the information, there may be a possibility to find a better way of coordinating this information that we get out to the people, but certainly, I don't want to leave any impression or idea that I think one agency might do a better job than the other. I think all agencies are terrifically important, in the hour of disaster.

Senator BAYH. I am not trying to intimate that this is the case, of course, nor do I—

Mr. ELLINGTON. But, as far as getting out the information, Mr. Chairman, let me say this: I think there is room for exploration to see if a better job can be done.

Senator BAYH. But you don't have any specific recommendations as to how we can administer this program with less duplication?

Mr. ELLINGTON. I don't see too much duplication. There may be some duplication as far as the information is concerned, but as to the program, itself, I don't see the duplication. I think those that handle the publicity, so to speak, are responsible for getting out information, might stay closer together.

Senator BAYH. You don't think that in the various low-interest, long-term programs that are available, that there is any conflict in the provisions?

Mr. ELLINGTON. Let Bob speak a minute.

Mr. PHILLIPS. Mr. Chairman, there are two low-interest loan programs which you may be referring to. One of the Small Business Administration, which handles loan applications on businesses and homes in communities over 2,500, and the Department of Agriculture program under Farmers Home Administration which handles loan applications on homes in communities under 2,500, and for farmers and rural dwellers.

There has been, in the past, a difference in the interest rate between these two programs, and there has been some problem with where one begins and where one lets off, but I believe that these problems have been straightened out and—but there has been in the past a problem in this area, and it should get continuing attention to be sure that there is no problem in the future.

Senator BAYH. Well, is my understanding correct that during the immediate period of the emergency, OEP coordinates the efforts of all agencies, and then you pull out, and each individual agency is charged with coordinating its own program?

Mr. PHILLIPS. Mr. Chairman, I am not sure I exactly understand your question.

Senator BAYH. Let me state it another way. For how long a period of time does the Office of Emergency Planning have the responsibility for coordinating the activities of all of the agencies involved?

Mr. PHILLIPS. The Director of the Office of Emergency Planning has the responsibility under Public Law 875 to coordinate the disaster assistance programs of the Federal agencies before, during, and after a disaster, even if it is not declared a major disaster.

Now, most of the ones that we now have, these serious problems, are declared major disasters. The Office of Emergency Planning coordinates from the time of the occurrence of the disaster as long as it feels it is necessary to do so, sir, but some of these programs may go on for several years, as, for example, a Corps of Engineers program. There may be an emergency disaster type operation which would be coordinated by OEP along with other things, but there may also be a long-range flood control project related to the emergency type thing which the corps would continue to operate, and which the Office of Emergency Planning would not, over the long period, attempt to coordinate.

Senator BAYH. The two types of applications for assistance, the community application or the public application, and the individual application, do both of these go through the Office of Emergency Planning?

Mr. PHILLIPS. No, sir. In order to expedite the handling of these things, they are handled directly with the agency concerned.

For example, the Small Business Administration deals directly with the applicants and with the banks and the others concerned in making these loans, and this is faster and they know their business. I think they do a good job, and I don't think that we could improve the situation from having the Office of Emergency Planning review those loans, for example, if that would be in your mind, sir.

Senator BAYH. Well, in my statement that I submitted earlier, I pointed out that in the last 10 years, we have given more than \$700 million in aid to foreign countries for disasters. In these cases, we waived formal application.

Is there any way we can simplify our application system, as you see it, in domestic disasters?

Mr. PHILLIPS. I don't feel competent, Mr. Chairman, to comment on the technical procedures of the Small Business Administration. I am just not competent, sir.

Senator BAYH. How about other applications? Is there any way, as you see the program administered now, that you can suggest that we in the Congress can straighten out some of the redtape that might be involved?

Mr. PHILLIPS. Well, I am sure, sir, that these, like our own OEP programs, can be improved, but, and I think that they have been improved over a period of time. There have been steps taken in recent disasters to make sure that there were field people able to act on the location, rather than having people dealing by mail, this sort of thing. More of this should be done, I believe, sir.

Senator BAYH. Let me, if I may, quickly ask a couple of questions on the Governor's specific testimony. I will try to explore your thinking in a little bit more detail.

You point out that the OEP presently has authority to provide emergency temporary housing. It seems, as I recall your statement, you indicated opposition to purchasing housing; is this correct?

Mr. ELLINGTON. That is correct, Mr. Chairman. I feel, and those in OEP that we discussed this with feel, that there would be no necessity of making purchases of houses for temporary periods of time. This thing can be handled on a rental basis, either through housing or trailers.

I, personally, can't see any advantage in going out and buying property which we know to be for an indefinite period of time, when it could be handled otherwise. I think it would save the Government money to provide the housing otherwise than making purchases of property.

Senator BAYH. Well, inasmuch as there are other agencies involved, the impact of our ability or failure to solve the problems confronting individuals in a time of crisis has a long-range impact. The thinking has been that many of these areas where a particular flood loss has occurred have suffered habitual floods, and a person will be flooded out of an area, his home washed away, and then will go right back in the same place, and, many times, will construct substandard housing. It has been brought to our attention that in many areas, there are houses which are vacant, but which the individuals who have been flooded out or blown out, in these recent tornadoes, can't afford to go into on a permanent basis.

We have long-range Federal housing programs which include mass housing facilities. Why not use some of these vacant houses to get these people out of these flood prone areas, and improve their standard of living at the same time you are helping to meet their disaster needs?

Now, I am sure this is not a program that the OEP relishes administering, but neither do you relish administering programs of the Farmers Home Administration, or SBA. Why not bring a housing agency in to not only meet the immediate need, but try to upgrade the standard of living of these people throughout a considerable period of their lives?

Mr. ELLINGTON. Mr. Chairman, I think you hit the key in the beginning when you said these people, a lot of them, would go right back into the flooded areas and, for that reason, I can't see the Federal Government going in and buying housing facilities on a standby basis, waiting for a flood to come. I just can't see it.

Senator BAYH. I am not suggesting that they do this. I am suggesting that this should be after the fact. For example, community X has 20 vacant houses in it, not fancy houses, and you have 20 families that need to be housed. You know from past experience that if you put them in a trailer, they are going to build a tarpaper shack right back down in this flood plain again.

Why not either go there and rent these houses, or, if not rent them, buy them on a subsidized basis? You can improve on their standard of living, stop having this flood loss.

Mr. ELLINGTON. Mr. Chairman, I wouldn't argue the point. I am looking at it, purely, I think, from what would be best for the Federal Government and the people. As you say in the statement you make in the beginning, if they are going to move right back into this area that is flooded, then to go in and buy property for them, anticipating that they are going to stay out there, I can't see the Federal Government spending money, buying real estate, and building houses.

Senator BAYH. I am not suggesting that they be built. I am talking about already constructed houses.

Mr. ELLINGTON. But if you can get them on a rental basis, and the temporary housing that could be furnished through trailers, as was done in Alaska, and other places it appears to me would be better. I just can't see the reasoning in buying property in an emergency of this type.

Senator BAYH. You did not comment on the part of the bill which would provide for coordination of our civil defense warning system, to develop this into a national disaster warning system. Would you care to comment on that?

Mr. ELLINGTON. I believe we have commented on it before in our letter to the chairman. I think it is very good. I think it is a must. We must do everything that we possibly can in this area. I have been in contact with Civil Defense and others, and this work is proceeding at this time, and I think it very necessary and essential, sir.

Senator BAYH. Now, about these school assistance programs, it is my understanding that OEP can provide Federal-grant funds for reconstruction of schools to a minimal level, can supply books and some equipment. Is this correct?

Mr. ELLINGTON. That is true, Mr. Chairman, and the minimum level, let me say this: The checks that I have made on the operation in this area over the past several years, indicate that all of the schools have either been rebuilt to better buildings, better equipment than they had before the emergency.

Now, of course, what we are talking about here, the State or county or the local school district can add to these funds that we put there for replacement, in case a school, or any public facility was destroyed.

Senator BAYH. Is there any limit to the type of equipment or books or replacement materials that can be provided?

Mr. PHILLIPS. Yes, sir. We provide the school with everything that is essential to make it a functioning school, except in the area of recreation as distinct from physical education. What is required for physical education programs is put into schools as well as what is required in the chemical lab. We completely equip and rebuild the school, so it is a going concern. And this has been done in numerous places throughout the country.

Senator BAYH. Suppose the school is in the process of growing pains, as most of our schools are, and it needs to expand the facilities. Do you have ways of coordinating this with your grants-in-aid?

Mr. PHILLIPS. Yes, sir. We have a procedure which provides for that situation. We will make an estimate, or have an estimate made by competent engineers and architects, as to what it would cost to replace and equip that school, the way it should be, and then if they want to make it larger, we will give them what we call a grant-in-lieu of reconstruction, and we give them the amount of money that it would cost to replace the school, the facility that was there, so they can apply it against the new larger facilities which they wish to create.

Senator BAYH. Then, really, the OEP presently tries to get the school operating again?

Mr. PHILLIPS. Yes, sir.

Mr. ELLINGTON. Definitely.

Senator BAYH. I noticed that you, in your statement, suggested that you would rather let the agency concerned comment on the provision to provide operating costs in some emergency cases.

Mr. ELLINGTON. That is correct.

Senator BAYH. It seems to me to be consistent—this would be consistent with the program that now exists—that if there is some financial hardship, such as an extreme loss to the taxing base, that where a period of rebuilding makes it difficult to pay schoolteachers, that these schoolteachers are as necessary to operate the school as the facilities which are now being provided.

Mr. ELLINGTON. Mr. Chairman, that would be entirely true.

On the other hand, I think the Office of Education would be best equipped to make that appraisal of this particular part of the bill.

Senator BAYH. I appreciate your thoughts on that.

I might ask you to make one further reference on page 3, where you mentioned the Bureau of the Budget. We have had discussions with the Bureau of the Budget, and they have come up with a rather complicated program of matching grants, where the Federal Government would bear some of the loss, the State government would bear some of the loss, and the individual would bear some of the loss. This would involve outright grants to restore private individuals. I think it is fair to say that most of our assistance, particularly that which is administered directly by OEP, goes to the public sector. We are determined to try to meet the needs of individuals better than has been the case in the past, and this matching fund is one of the suggestions made by the Budget Bureau.

Do you have any suggestions as to how we could best administer this type of program?

Mr. ELLINGTON. Well, Mr. Chairman, it would be hard to say what agency would be the best. Of course, if the law is passed, and the responsibility is given to the Office of Emergency Planning, we would certainly do everything that we can to carry it forward and administer it in a fair and equitable basis, but I would not be the one to say we are the only ones that can do this. We would be happy to assume the responsibility, if the Congress decides to put it in.

Senator BAYH. Well, I think that somebody should provide some expert advice on this, whether it is you, Governor, or whether it is representatives of the Bureau of the Budget who usually don't testify in matters like this. We are fortunate to have a comprehensive letter from them, but I think we should have a statement from some of you who have this degree of experience which we feel is necessary.

Mr. ELLINGTON. Mr. Chairman, we would be happy to work up a statement for you, and get it to you immediately.

Senator BAYH. We don't want to embarrass anyone, but we would really like to have your thoughts as to how a program like this could be best administered, because we don't want to set up a boondoggle here; we want to make these dollars go as far as we can, to provide some relief for the people who need it.

Mr. ELLINGTON. We would be most happy to give it some thought and prepare a statement and give it to you on that.

Senator BAYH. We would appreciate that very much.

(Subsequently, Mr. Ellington submitted the following communication and enclosure:)

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., June 22, 1965.

HON. PAT McNAMARA,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During my testimony on S. 1861 before your committee yesterday, I was requested to provide a statement with regard to the alternative proposal offered by the Bureau of the Budget to meet the objectives of section 4.

In my opinion, the authority for such a program should be vested in the President, and should be administered for the President under an appropriate delegation of authority. The administration of that program would be similar to the administration of the program under Public Law 81-875.

In our discussions with the Bureau of the Budget, we have been advised that your committee would like additional details on the Bureau's proposal. A more comprehensive outline provided by the staff of the Bureau is enclosed for your consideration. I am supporting this loss-sharing approach for aid to the private sector.

Sincerely,

BUFORD ELLINGTON, *Director.*

FEDERALLY SUPPORTED STATE PROGRAMS FOR SHARING PRIVATE DISASTER LOSSES

The Senate Public Works Committee has asked for additional details on the loss-sharing proposal referred to in Governor Ellington's testimony. Some of the key aspects of the proposal are contained in the report of June 19, 1965, made by the Bureau of the Budget on S. 1861. The following more comprehensive outline has been provided by the staff of the Bureau of the Budget.

Under present law, the chief Federal aids available for private individuals and groups suffering property losses from major disasters are direct Federal loans at subsidy interest rates and for relatively long terms. S. 1861 (Bayh and 33 other Senators) would liberalize these credit terms further and make grants to permit liberal State refinancing of certain loans. Legislation enacted in 1956 authorizes Federal disaster insurance, but a workable, acceptable plan for this purpose has not yet been developed.

This memorandum outlines another possible alternative. The specific figures used are illustrative and subject to revision on the basis of further study.

Essential features

1. Federal grants to plan State programs: 50 percent grants up to, say, \$250,000 per State to prepare State programs to aid private homeowners and businesses suffering disaster losses.

2. Federal grants to supplement State aid: Federal grants to cover half of the costs of approved State program expenditures in excess of some minimum level of State aid to be determined by formula. This formula could be based on population, per capita income, and/or other objective standards.

3. Standards for Federal approval of State plans: Eligibility for Federal assistance would be restricted to State plans with most or all of the following features:

(a) *Coverage of noninsurable risks.*—Losses arising from risks for which private insurance is available in a State at reasonable rates would be excluded. Flood and possibly earthquake damage would probably be the chief eligible risks.

(b) *Loss prevention.*—Federal grants would be available only where States have approved flood-plan zoning controls and/or other preventive measures in force.

(c) *Exclusion of small losses.*—All losses up to, say, \$500 (probably higher for businesses) would be absorbed by the private owner of the property.

(d) *Other mandatory private participation.*—In all cases, the property owner would be expected to absorb a minimum of one-third of the losses.

(e) *Ceilings on loss coverage.*—Maximum losses subject to Federal-State-owner loss sharing would be limited to \$30,000 per homeowner (on prin-

cial home only) and \$100,000 per business (and could be further limited to "small businesses").

4. Supplementary Federal credit: Beneficiaries of State and Federal grants under approved State programs would remain eligible for supplementary credit assistance, but only at interest rates covering full Federal costs (normally sufficient to attract private lenders).

5. Federal loans at subsidized interest rates would remain available in any State until a federally approved State plan is placed in operation.

Advantages

1. The Federal-State aid would be available to all property owners in States qualifying, whether or not they are in debt, whether the equity in their property is large or small; accordingly, the proceeds would not necessarily accrue mainly to lenders.

2. The aid would not necessarily be confined to losses in major disaster areas proclaimed by the President. However, the minimum aggregate State aid requirement would assure that Federal assistance is available only where unusually large losses have occurred.

3. Strong incentives would be created for private property owners to avoid high-risk areas and for States to enforce effective zoning controls.

4. Excessive reliance on relatively long-term Federal loans at subsidy interest rates could largely be avoided, giving the borrower greater future flexibility, and removing the necessity for Federal administration of an increasing volume of relatively small loans not readily salable to private investors.

5. By comparison with disaster insurance, there would be no problems of complicated premium determination, adverse selection of risks, etc.

Other considerations

1. *Relation to disaster insurance.*—The loss-sharing proposal is an alternative to disaster insurance. In recent years, the administration has recommended and the Senate has twice passed legislation (S. 408 in this Congress) which would authorize an intensive study of alternative types of financial assistance for property losses in natural disasters, including insurance. If the House enacts S. 408 in the near future, and if funds are provided to permit the study to go forward promptly, the loss-sharing proposal could be one of the alternative types of financial assistance reviewed. If authority and funds for this study are not provided promptly, action to authorize a loss-sharing plan would appear to be a constructive and affirmative attack on the problem.

2. *Responsibility of lenders.*—The plan, as outlined above, is a three-way sharing of loss between private property owners, the States, and the Federal Government. In the numerous cases where the loss exceeds the borrower's equity, the lender might also be required to share a part of the loss.

3. *Types of property covered.*—For administrative reasons, it would probably be desirable to limit coverage to real property and to exclude personal property.

4. *Range of beneficiaries.*—In addition to private homeowners and businesses, other private nonprofit groups, such as churches, probably should be eligible.

5. *Location of Federal responsibility.*—The authority probably should be vested in the President, subject to his delegation.

Time factors

A considerable transitional period would be required before a plan of this type could be made effective, since it would require among other things:

1. Detailed studies by interested Federal agencies before legislation could be drafted, and later before regulations could be issued;

2. Drafting of State plans and review and approval of such plans by the Federal administering agency;

3. Passage of State legislation, and, in some cases, possibly constitutional amendments, to authorize participation in such a program; and

4. Establishment of effective flood zoning and other preventive controls by the States and their approval by the responsible Federal agency.

Senator BAYH. Two other quick questions, and then I will stop prevailing on your good nature.

You suggest that section 9 is unnecessary, the first paragraph, inasmuch as you already have the wherewithal to repair and reconstruct public facilities, regardless of their location. We have run into a

rather unusual situation where the unincorporated town can take advantage of programs that are already available to build water systems.

We don't have authority to build sewage systems. In some of these unincorporated areas, their very existence is going to depend on modernizing community facilities. For example, one little town was destroyed in Indiana; three-fourths of it was literally destroyed. These people aren't going to come back into this town unless they can be given water and sewage facilities.

Now, if this little town, the same size town, had been incorporated, and if it had a sewage plant, and had a water plant, and this had been blown away, of course it would have been repaired, under the provisions that you referred to.

It just seems to us that this is a bit inconsistent, as far as giving these people a chance, an equal chance to get back on their feet, is concerned.

Mr. ELLINGTON. Well, let me say this, first, Mr. Chairman, and let Mr. Phillips continue on this particular instance you are talking about, if you will. I certainly am of the opinion that all of us, wherever we are, or whatever community we live in, should have the same protection under any law, and should have the same help in case of an emergency.

Bob, if you will, on this particular instance, make a comment on that.

Mr. PHILLIPS. We can, as you said, Mr. Chairman, under the Public Law 875, assist in the replacement of a public facility, whether it is sewer or water or public building. Usually, in unincorporated areas, where a facility that was built by the community, let's say, exists and is serving the public and is a public utility in that sense, if it needs replacement, usually the county or a higher level of government above the unincorporated community will accept the responsibility of sponsoring and filing an application to have such public facility, if you will, repaired or replaced, and in most instances, this works satisfactorily.

I believe in Russiaville, there were two problems. One was that they didn't have a facility to be replaced in one instance; that we can't help with under Public Law 875 as presently written. The other thing was that there was some hesitancy on the part of the county because of some complicated local problems to sponsor an application for Russiaville.

Senator BAYH. You see, where half of the community has been destroyed, and these people are deciding whether to build back or not, if they don't build back in this community, and move out of it, it leaves it as a ghost town. The other half that hasn't been affected definitely has a stake in trying to modernize the community.

Would you consider a voluntary fire department, where the fire station is privately owned, as is the case in some of these communities, is this subject to OEP restoration?

Mr. ELLINGTON. Mr. Merker will you give them your interpretation of that?

Mr. MERKER. We normally consider the use that is made of the facility, if it performs a public use, and is actually doing the job of a public facility. The technical title is not controlling, and each case would have to be determined on its facts.

Senator BAYH. One last question.

Apparently you don't think we need to change the provisions for financing reconstruction of highways. Let me give you the benefit of our thinking on this. At a time of national disaster or when you have an emergency of sufficient proportion that the President would declare a disaster, Federal highways are not the only ones that are affected. In the disaster we had portrayed here, and the one we had in Indiana recently, of course, we had very little loss to highways, but when you have a big flood, avalanche, or earthquake, you not only have loss to Federal highways, you have loss to State, county and city transportation facilities. At this time, the county, the city, or the State is going to be taxed to its limit to try to restore these facilities for which it has the only responsibility. It is the only responsible agency. And at this time, it would be an extreme hardship to ask the State to also provide 50 percent, or whatever it might be, of the funds to restore the Federal highways.

Mr. ELLINGTON. Mr. Chairman, I speak to this more from experience on the State level than anywhere else. I have been on the State level so many years that I actually believe that we get better experience, we get a better job done, where the affected parties are all participating in the program. I think it is more economical. I think it serves the people best, because, after all, taxes are taxes, whether they be Federal or State taxes, and I think definitely, that a cooperative working agreement between the governments involved give you a better job, and a more inexpensive job.

Senator BAYH. Well, I am not suggesting, of course, that we don't have this cooperative venture in the original construction, but it has been our experience with some flooding in Indiana—I don't know whether you have had the same experience in Tennessee, apparently not—that it takes all the State dollars we have, usually, to try to reconstruct some of these farm-to-market roads. There is very little left, if we use the existing funds for the Federal thoroughfares, the Federal-State roads, the job is not done that should be done on the farm-to-market roads.

I am glad to get your thoughts on this.

Let me thank you, Governor, and all the rest of you gentlemen, for letting us have the benefit of your thoughts, and we would appreciate it, if as quickly as possible, you would let us have your thoughts on the Budget suggestions.

Mr. ELLINGTON. We will get it up immediately.

Thank you very much.

Senator BAYH. I notice one of our distinguished colleagues from Iowa is here. He has had a great deal of personal experience in disaster areas. One of his assistants was very helpful to us in the drafting of this legislation, and, Senator Hickenlooper, I understand that you are going to introduce our next witness.

I would like to apologize for keeping you waiting here. We had Governor Ellington, and we wanted to get the full benefit of his testimony.

We are glad to have you with us this morning.

**STATEMENT OF HON. BOURKE B. HICKENLOOPER, A U.S. SENATOR
FROM THE STATE OF IOWA**

Senator HICKENLOOPER. Thank you, Mr. Chairman.

It is very nice of you to let me appear here this morning to present to you Mayor Horgan, of Dubuque, Iowa.

Dubuque was especially hard hit by this unprecedented flood which came down the Mississippi River. In fact, the flood exceeded the normal predictions of the Corps of Engineers and others, I think, at that time, and because the flood did so far exceed the prediction, the preparations were relatively not adequate, although they were full preparations, according to the predictions, and to the requests.

The damage was probably a great deal greater, and the disaster was really acute on the flats on the west side of the river there, in the industrial area, of Dubuque.

I have another meeting which I must go to. It is rather important at the moment, but I did want to introduce to you Mayor Horgan, who is well versed in the difficulties which they have had.

They have done a great deal of studies in Dubuque on this matter, and he is thoroughly capable of presenting their views to you, and I merely want to endorse his statement, and urge your consideration, which I know you will give to it.

Therefore, I do take pleasure in presenting to you Mayor Horgan, of Dubuque, and if I may be excused, I will go on to this other meeting.

Senator BAYH. Thank you, Senator Hickenlooper.

I know again how busy you are, and here again I apologize for keeping you waiting, because I know of your busy schedule.

Senator HICKENLOOPER. It is all right, Mr. Chairman.

Senator BAYH. Mr. Mayor, it is good to have you with us. We are anxious to have your thoughts on this subject which you, unfortunately, have had a personal relationship with in the recent past.

**STATEMENT OF HON. ROBERT J. HORGAN, MAYOR, CITY OF
DUBUQUE, IOWA**

Mr. HORGAN. Thank you, Mr. Chairman.

At the outset, may I thank you for the invitation to appear as a witness before this committee in support of S. 1861, legislation to provide disaster relief.

During this year of 1965, the city of Dubuque experienced both victory and defeat during the record flood of the Mississippi River.

The victory was in the temporary dike system which was built to protect a portion of our city. After expert review and study, a line of defense was drawn by our city engineer. It was along this line that we built our dikes. It was along this line that we held back the mighty river.

The defeat in this record flood was that we could not defend all of our city. It is for those who stood outside the dike that I speak today. For they also fought the river. They built dikes around their stores. They built dikes around their factories. They built dikes around their homes. Though they fought the river day and night,

though they fought the river to its record-setting crest, they could not contain it.

Our whole city was thrown into this battle to hold the river. Our whole city was thrown into the cleanup operation. And now I speak for my city in this petition, so that we all will once again be a healthy and prosperous city.

In support of this petition, I submit the following exhibits A and B:

EXHIBIT A

FLOOD FIGHT FACTS, DUBUQUE, IOWA, 1965

Preparations

Flood plan was drawn in March 1962; flood areas for various river stages were determined and mapped by engineering survey.

In late March 1965, the city engineer was instructed to prepare for flood.

April 1, 1965: City staff meeting held with all related outside flood fighting agencies; Weather Bureau officer forecast expected flood; flood fighting operation plan reviewed; flood fighting organization established and duty assignments made.

April 9, 1965: A second briefing and check meeting was held, written reports reviewed the situation estimated and the command "Go" was given for dike construction. The public was invited to this briefing.

April 10, 1965: Dike construction began.

April 16, 1965: Final check out and progress report meeting held.

Flood stage

	<i>Feet</i>
Apr. 13, morning-----	17. 29
Apr. 17, morning (1 a.m.)-----	20. 05
Apr. 20, evening (4:25 p.m.)-----	23. 10
Apr. 25, evening (10:30 p.m.)-----	¹ 26. 80
Apr. 30-----	25. 2

¹ Crest.

Materials used

A total of 350,000 sandbags were filled and put in place, 141 trucks and bulldozers were used on a 24-hour basis; and 6 radio networks were used for communication.

Personnel

Thirty-five hundred volunteers worked.

Red Cross, civil defense Salvation Army supplied staff and support services.

Corps of Engineers provided full-time technical advisers.

U.S. Coast Guard patrolled river with 26 men.

National Guard patrolled dikes and flooded area with 126 men.

Iowa State Employment Service provided full-time volunteer supervision.

All city forces were put into flood fight.

Results

Protected in the flood area by 3 miles of temporary dikes were 4,815 people living in 1,461 housing units; 111 businesses and industries, employing 4,868 employees, plus the electric powerplant serving the city, a playground and recreation hall, 5 churches and 2 schools.

Flood fight mechanics

The Dubuque flood plain runs north-south about 4 miles in length and varies in width from one-half mile to a mile. At about 1 $\frac{2}{3}$ miles, measured from the south end, a dike was built across the flood plain, and a command decision, based on flood protection capability, was made to abandon all south of this dike. Abandoned to the flood were 192 people, living in 67 housing units; 148 businesses and industries, employing 2,179 employees.

In the south area extensive protective works were erected by private companies and people. All were overtopped by the flood crest.

Cleanup

April 30: Cleanup operation plan presented to city staff and assignments made. Plan included street and building cleaning and pumping operations.

May 1: Cleanup operation starts.

May 19: Cleanup operations secured.

EXHIBIT B

Estimated total private and public flood damage in Dubuque

The sum of \$6 million plus (includes flood fight cost, building damage, rehabilitation cost, loss of employee wages and loss of net profit).

Employees affected in establishments inundated or closed by the flood

Employees in plants closed throughout the flood period..... 2, 179
Employees in plants closed approximately 1 week..... 3, 521

Employees affected by the flood..... 5, 700

Statistics from questionnaire survey by Dubuque Industrial Bureau

Questionnaires were sent to 63 industrial and commercial establishments in the flooded area. Of these:

37 firms reported flood damage to real estate, building equipment, tools, machinery, and inventory of..... \$3, 141, 797
42 firms reported flood control expense of..... 354, 549
9 firms reported miscellaneous expenses of..... 197, 980
32 firms reported financial loss due to business interruption of..... 608, 874
57 firms reported a total loss of..... 4, 472, 402

Flood fight cost, physical damage cost, and employee payroll loss

The data on private business and residences was compiled by city building inspection department after an inspection of properties.

City costs were established by an analysis of city expenditures and damage by Federal and State teams of the Office of Emergency Planning:

	City government	Private business and industry	Private residences	Total
Flood protection and equipment repair.....	\$1, 228, 143	\$1, 304, 066	\$3, 600	\$2, 535, 809
Damage to buildings and utilities.....	240, 804	947, 700	17, 400	1, 205, 904
Material and inventory loss.....		1, 137, 321		1, 137, 321
Employee payroll loss.....		435, 168		435, 168
Total.....	1, 468, 947	3, 845, 255	21, 000	5, 314, 202

Mr. HORGAN. In exhibit C, Mr. Chairman and members of the committee, I have listed for you the various industries that were affected, to give you and the committee an idea of the variety of businesses involved in this.

Finally, in exhibit D, we have the flood fight protection effort.
(Exhibits C and D follow:)

EXHIBIT C

Total monetary loss due to flood control expense, actual damages, loss of revenue due to business interruption, flood cleanup and miscellaneous expense experienced by businesses: 57 firms reported total losses of \$4,472,402.

These firms were as follows :

Berwanger Boiler	Midland Laboratories
Blackhawk Industries	Midwest Awning & Tent
Crescent Electric Supply	Molo Co.
Crescent Electric general offices	Morrison Bros. Co.
Creslanes Bowling	National Butter Co.
William C. Brown Co.	Peoples Natural Gas Co.
Caradco, Inc.	Precast Concrete Co.
Coca-Cola Bottling Co.	Ready-Mix Concrete Co. of Dubuque
Dubuque Awning & Tent Co.	Sitzmann Pallet, Crating & Box
Dubuque Boat & Boiler	Standard Brands
Dubuque Container Co.	State Brand Creameries
Dubuque Falstaff Sales	Thermolyne Corp.
Dubuque Glass Co.	Thruput Terminal
Dubuque Insulation & Siding	Trausch Baking Co.
Dubuque Mattress Co.	U.S. Industrial Chemical Co.
Dubuque Screw Products	Vallet Poultry Co.
Dubuque Packing Co.	Virginia-Carolina Chemical
Dubuque Star Brewery	Voggenthaler Co.
Dubuque Steel Products	Allied Chemical Corp.
Eska Co.	Dubuque Oil Terminal
Fischer, Inc.	Dubuque Tank Terminal
Flynn Ready-Mix Concrete	Hodge Transit Warehouse Co.
Higley Chemical	Inland Molasses
Hurd-Most	Mississippi Valley Milk Producers
Hutchison Log & Lumber	Association
Interstate Power Co.	Northwestern Bell Telephone
Janlin Plastics Co., Inc.	Ralston-Purina warehouse
Klauer Manufacturing	Olin-Mathieson Chemical
Marmis & Solomon	Dubuque Bulk Transport
A. Y. McDonald Manufacturing	Morton Salt Co.
Metz Manufacturing	International Salt

EXHIBIT D

The flood protection effort

For protection by temporary dike construction, dike operation, and sandbagging, and the construction of separate revetments—

The city spent-----	\$368,000
Plus 464,000 man-hours of voluntary labor valued at \$1.25 per hour-----	579,000
Total-----	947,000
To remove the dikes from streets-----	99,000
Total-----	1,046,000
Private businesses spent-----	400,000
Total, protection expense-----	1,446,000

Result

In spite of the flood fight effort—

Fifty-three percent of the number of businesses in the flood area were inundated.

Eighty percent of the number employed in the flood area suffered payroll loss.

Mr. HORGAN. This completes my formal statement. If you have any questions, Mr. Chairman and members of the committee, I will be glad to attempt to answer them for you.

Senator BAYH. Thank you very much, mayor.

I would like to ask a question or two, if I could, please.

First let me say that Senator Miller is very sorry that he couldn't be here. He has been one of our leaders in developing this legislation.

Mr. HORGAN. Yes, sir.

Senator BAYH. I put a statement from him in the record earlier, as you probably remember.

✓ And in section 12, we deal with a rather unique type of protection, the reimbursement of individuals, partners, corporations, or other entities that have requested flood control from the city.

For some reason or other, the protection was not granted, but would not have been contrary to the public interest. For example, in the case that you portrayed here, you had to make an administrative decision, and you had to exclude 192 people in 67 houses and 148 businesses from protection.

Now, if these people had gone ahead, and as you say, some of them did, and tried to insure their protection, section 12 provides for reimbursement of certain parts of this expenditure, not to exceed 50 percent of the total cost.

What is your thinking about this?

We have tried to work this in such a way that, for example, a corporate enterprise, or individual enterprise, could not construct a dike that would be contrary to the public interest. Therefore, we required that the local government official who was in charge of the program would have to approve the private program.

What is your thought, having had firsthand experience there with this effort, about reimbursing those who have made private efforts to arrest disaster loss?

Mr. HORGAN. Mr. Chairman, initially, may I say that when the knowledge became available that the Mississippi was going to flood at a record rate, and a decision had been made by the city administrative staff to provide protection to the maximum possible, we recognized that because of existing conditions there were portions of the city which could not be protected.

The city engineering staff went to every one of the businesses, industries, and homes in this excluded area, giving these people the elevation sites.

Everyone of these people did one of two things, Mr. Chairman: They either began construction of private diking systems, or began removing valuables, merchandise, or personal effects from the to-be-affected area.

About a week before the flood, the crest by all competent authorities was predicted at 24 feet. And, Mr. Chairman, this is what all of the businesses and industries and private individuals, homeowners, protected against, a flood crest of 24 feet.

By the time the new crest was predicted, the water was already over the land, making it difficult and in many cases impossible to change the decision that had already been made at 24 feet, to provide for 27 feet, the crest being at 26.8.

We had several industries spending, I know, hundreds of thousands of dollars to save themselves.

This, when water was over the land, and I assure you, Mr. Chairman, that if the crest had not gone beyond 24 feet, I would not have to be here today. But because the crest went over 24 feet, this whole south

end was lost, and this, as I mentioned originally, is the defeat we suffered.

Fortunately, our diking system that we built, the 3 miles of dike we built, behind that was dry land, whereby we could add to the original construction of 24 feet, to raise it to protect against 27 feet.

But in the south end, and some in the north, water was already over the land, and as a consequence, these people could not protect against this.

Most assuredly, the city would have done the job, if we had been able to. We did provide them with the necessary information, so that they could provide protection.

Certainly, I would like to point this out: Last year, in the city of Dubuque, we had a 1.7 unemployment factor. This is a thriving community. And we need to get back on our feet.

Senator BAYH. I don't believe I asked the question clearly enough, or you didn't answer the specific question.

Mr. HORGAN. I am sorry.

Senator BAYH. Let me rephrase it, if I may, please.

What is your thought, as mayor, about reimbursing private individuals who make efforts to protect themselves outside the official efforts that you so diligently made?

In other words, is this a good policy to establish?

You have seen it firsthand, there.

Mr. HORGAN. Having seen it firsthand, I would say "Yes," Mr. Chairman, for this reason: In 1952, the city of Dubuque suffered a flood, the flood stage then was 22 feet plus. At the time, the Corps of Engineers informed all officials and all citizens that this was a flood crest that would not happen again for a hundred years.

Despite this fact, the city administrative staff went ahead with the cooperation of our congressional and senatorial representatives, to provide flood control, flood protection, for the city of Dubuque.

This is now in the process, and has been in the process for the past 3 years. The program has been authorized, and the funds have been allocated for the past 3 years for planning.

Unfortunately, the plan did not move fast enough, or the flood came too soon, this hundred-year flood that came in 13 years instead of a hundred years.

Senator BAYH. Unfortunately, none of us can predict the acts of Mother Nature.

Mr. HORGAN. Right, sir.

But I heartily endorse the legislation proposed to which I speak, for these people did make a conscientious effort to protect themselves, and had the capabilities of the legal processes, the legislative processes, moved faster, the whole thing would have been protected.

In another 3 years, I am sure it will be.

Senator BAYH. We never awaken to the real need until after—well, let's say we often don't awaken to the real need until we are hit by something like this.

Do you feel that some standard should be placed on the construction of these?

In other words, you only had so many dollars. Now, in connection with dollars that are spent to reimburse private individuals, I think we need to have safeguards so that when somebody builds a structure on

this own that this should be an engineering structure that is feasible.

Do you have any thoughts about that?

In other words, it is no good to pile something up that is going to be washed away, even at a 24-foot crest, that is not constructed properly.

Mr. HORGAN. Senator, Mr. Chairman, the flood protection plan for Dubuque is being designed by the Corps of Engineers, and will be built by them. The plan is—

Senator BAYH. I am talking again about the private, just this private construction.

I am sure that anything that the city and the Army Corps are involved in will be the best we can get. I am talking about the private individual who hires a bulldozer or a dredge line and decides to try to do this on his own.

Do you feel we need some protection there, to see that before he is reimbursed that this is a structure that we can be reasonably certain will do the job?

Mr. HORGAN. Well, in answer to that, Mr. Chairman, could I say this: That when a man is protecting his own property, it would appear that he has the most vital, selfish interest possible, and he is not about to construct something that is not going to do the job that he is paying for it to be done.

Senator BAYH. If he knows he is going to get all the money paid back by the Federal Government, this wouldn't be the case.

Mr. HORGAN. He doesn't know this right now, Mr. Chairman.

Senator BAYH. No, but this is what I am asking your thoughts on, because you said that section 12, that you are in favor of, would do this, and this is why I wanted to get your feeling as a public official.

Mr. HORGAN. Let me approach the answer this way, then, Mr. Chairman, that the flood control legislation now before the Congress is moving along at such a rapid rate that barring another disaster next year, next year would be the last year that private individuals would have to do this, for the flood program is such that we are anticipating by 1967 and 1968 the job will be done, and the concern you have had—

Senator BAYH. I am trying to get your thoughts—excuse me for interrupting—from a philosophical standpoint as to just how far you think we ought to go.

You might get the flood situation corrected in Dubuque, but then it is going to happen to some place else, and if we had had this legislation on the books last year, we could have helped the people there that were outside the floodwall, and I thought maybe you might like to comment on that.

Mr. HORGAN. I see. I get you now, Mr. Chairman.

Two weeks ago I was in Washington attending the Rivers and Harbors Congress, and I believe at the time we were in, the Senate of the United States took some action—I regret I am not accurate on what action it was—relative to an \$89 million aid to South Vietnam.

Recognizing, as you do, and I do, that oftentimes people do not get excited about things until it happens to them, I prepared myself with a bit of information, and I think the record shows that in 1964, the foreign aid bill, there was a \$9 million outright grant to Yugoslavia, and an \$8 million outright grant to the United Arab Republic, and then this \$89 million to the South Vietnam area.

I want to assure you, Mr. Chairman, that it is not the sense of the people for whom I speak to be antagonistic to the foreign policy of our Government, but the question that is faced, and I must face it, is why do things for foreigners go so fast, and things for our people go so slowly?

Senator BAYH. I share this, and I have said it several times, and once on the floor of the Senate.

I am trying to get your answer to this one specific policy question, as to how far, as a local administrator, you are prepared to go in protecting individual flood efforts.

The OEP, of course, the way I understand it, will reimburse you for the \$1,228,143 that you spent. That is correct, is it not?

Mr. HORGAN. Yes, sir.

Senator BAYH. Because you used the best scientific and engineering capability at your disposal and an elected official?

Mr. HORGAN. That is right; yes, sir.

Senator BAYH. The damage to public buildings of \$240,804. This will also be reimbursed. Is that correct?

Mr. HORGAN. Yes, sir.

Senator BAYH. We are concerned about the broadening of assistance for the private individual, the business loss which many of us feel, and I think you share this feeling, is not suitably covered.

One last question, because I don't want to take any more of your time than is absolutely necessary.

Do you have any suggestion concerning the reimbursement for the rebuilding of highways? Were your funds pretty well taxed to clean and restore the city streets? Did you have any personal example that you would care to give?

You heard my discussion with Governor Ellington about our feeling that we should have 100 percent Federal restoration of Federal-State highways that were destroyed. There is no need for repeating my reasoning again. You have heard that.

Do you have any thoughts on that?

Mr. HORGAN. Relative to highways, U.S. Highway 20 goes through the city of Dubuque. During the whole flood, the bridge crossing the Mississippi River, Highway 20, was the only one that was kept open, for a 200-mile stretch from LaCrosse, Wis., to Davenport, Iowa.

This was a monumental effort. People driving along this highway at one point actually were driving through a trough of water upon either side, 6 feet high, sandbags, seven feet high, bays, 14 feet deep, or wide.

The State highway, immediately upon the water leaving the land, came in and restored this by their own technical methods. Most of our inundated city streets, we will not know for a year or two what the damage was. They seem to have survived fairly well, but again, as I say, we won't know what that will be for several years, depending upon what happens with the water under the streets, and what type of washing was done to the subsurface.

Senator BAYH. Well, thank you very much, Mayor. I appreciate your taking the time to express your interest and the interest of your constituents. This will be very helpful to us.

Mr. HORGAN. Thank you very much, Mr. Chairman.

Senator BAYH. The next witness will be Mr. Bernard H. Polk, the Assistant Administrator, the Farmers Home Administration, who is accompanied by Jack Frost who is the Director of the Emergency Loan Division.

I might note for the record that Mr. Gordon Gillis, who is the legislative liaison of OEP, is with us and he has been very helpful to us, and since I have singled out these other individuals for their cooperation, I would like also to publicly thank Mr. Gillis.

Mr. Polk, we are glad to have you with us. We are anxious to have your thoughts on this subject that your agency has had firsthand experience with.

**STATEMENT OF BERNARD H. POLK, ASSISTANT ADMINISTRATOR,
FARMERS HOME ADMINISTRATION; ACCOMPANIED BY JACK
FROST, DIRECTOR, EMERGENCY LOAN DIVISION**

Mr. POLK. Thank you, Mr. Chairman.

My name is Bernard H. Polk, Assistant Administrator for Community Services, of the Farmers Home Administration of the Department of Agriculture.

Senator BAYH. I would like to interrupt long enough, if I might, to thank both you and Mr. Frost and the other members of your agency for your cooperation. We have been trying to do all this aboveboard, to get your thoughts, inasmuch as you all have had personal experience in this.

Excuse me.

Mr. POLK. Thank you, sir.

I have with me Mr. Jack Frost, the Director of our Emergency Loan Division.

Neither Mr. Frost nor I have a prepared statement, but we are available for any questions the committee may have about section 3(a), page 2 of the bill, which deals with liberalizing the terms of debts of borrowers of the Farmers Home Administration when the Secretary determines such action is necessary because of losses sustained by such borrowers as a result of a major disaster.

And section 9, second paragraph, page 14, which would amend section 306 of the Farmers Home Administration Act of 1961 to authorize loans and grants to associations, including corporations not operating for profit, and public and quasi-public agencies for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing community services in rural areas. That is, when the Secretary determines that such action is necessary for rebuilding of the community.

Mr. Chairman, we do have a copy of the Secretary's report on this bill, and we will be glad to read that part of the report that comments on the two sections of the bill that would be administered by the Farmers Home Administration.

Senator BAYH. I would appreciate your doing that, if you would, please.

Mr. POLK. All right.

On the first page of the Secretary's report to Senator McNamara, the Secretary comments on section 3(a) first, and I quote:

Section 3(a) would authorize the Secretary of Agriculture to refinance the indebtedness of any borrower under any of the programs of the Farmers Home Administration where such refinancing is necessary because of losses sustained by the borrower as a result of a major disaster. Such refinancing of loans could be made for repair or replacement of structures and for the purchase of building sites when original sites are not suitable as a result of the disaster. The interest rate on any loan refinanced could be reduced to a rate of not less than 3 percent, and the maturity thereof extended for a period not to exceed 40 years. This subsection would also authorize the suspension of payments of principal and interest on such loans and the additional extension of maturity thereof for a period not to exceed 5 years to avoid severe financial hardship on the borrower.

While this Department recognizes that major disasters which strike borrowers under the Farmers Home Administration programs give rise to new credit needs which may require some readjustment of outstanding indebtedness, we do not believe that the provisions proposed in section 3(a) are necessary and would, on the other hand, if employed to the maximum authorization therein, create some difficult problems.

The Consolidated Farmers Home Administration Act presently contains adequate authority for the making of supplemental loans, and although it has not been the practice of the agency to do so in order to conserve currently available loan funds, it could authorize the refinancing of prior indebtedness of borrowers from that agency. That act also contains authority to purchase building sites where necessary to the continued operation of the farm.

Loans made by the agency under title V of the Housing Act are available for building sites only in connection with individual senior citizens' loans. However, section 901 of the Housing and Urban Development Act of 1965 (S. 1942, S. 1354, H.R. 5840, H.R. 7934) now pending would make the purchase of building sites available to all persons eligible for rural housing loans.

Loans under the Consolidated Farmers Home Administration Act, other than emergency loans under subtitle C, are presently made to individual borrowers at 5 percent. This rate is the statutory maximum. However, without additional legislation, if the situation warranted, for example in a disaster area, the interest rate could be reduced administratively. As to loans to borrowers in such areas, section 331 of the act authorizes the Secretary to compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs as circumstances may require. Compromise, adjustment, or reduction of a claim is to be based on the value of the security and a reasonable determination of the debtor's repayment ability. This provision would justify an agreement, in hardship cases, for the suspension of payments.

Loans under subtitle A are made for the statutory term of 40 years. Operating loans under subtitle B are made for not to exceed 7 years, depending on the purpose for which the loan is made. Such loans may be extended for additional periods of not more than 5 additional years under section 316. Rural housing loans are made for various periods not to exceed 33 years and there is specific statutory authority in section 505 of the Housing Act of 1949 for a moratorium on such loans.

Real estate loans under the Consolidated Farmers Home Administration Act include a great number of insured loans. If section 3(a) were enacted, it would undoubtedly be necessary in order to effectuate the purposes of this section to call the insured loan and refinance it with a direct loan, since it is improbable on today's investment market that an insured loan could be placed with private investors at the proposed 3-percent interest rate. This result would be contrary to the emphasis which this administration has given to utilize the insured loan method in lieu of direct loan processing. Legislation also is pending which would substitute an insured loan program for the present direct loan rural housing program. For the foregoing reasons, we recommend that section 3(a) of the bill not be enacted.

Now, the section 9, second paragraph, which is on page 14 of the bill:

In section 9, beginning at line 6, page 14, and extending through line 2 on page 15, the bill would amend section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926). This amendment would provide,

in areas which have suffered major disasters, loan and grant assistance to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or portion thereof damaged by disaster.

The Department of Agriculture agrees with the objective of this proposed change to section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended.

Rural communities suffering major disasters face serious health hazards and losses of income and productivity. Many of these rural communities are already indebted for a large part of their statutory debt limits and can't incur additional indebtedness for the full amount necessary to replace or repair facilities damaged or destroyed by disasters. The financial burden or replacing or rehabilitating facilities lost or damaged in addition to retiring existing indebtedness exceeds their ability to repay.

If public facilities for these rural communities are not quickly restored, the health of the people is endangered, and the economy deteriorates. This not only has an adverse effect upon the economy of the local area but seriously affects the economy of adjoining communities.

Major disasters affect not only the individuals in the community, but agriculture and related business, since they are dependent upon adequate water supplies and waste disposal systems. Commercial and industrial facilities lost or severely damaged result in loss of employment opportunities, and often reduces the ability of the community to pay for reestablishing these facilities.

Where disasters have struck, the Farmers Home Administration has found the need for additional financial assistance acute and unavailable in a high percentage of communities. Small rural communities ordinarily do not have the professional engineering and technical services available to assist in designing and guiding the orderly, efficient replacement of these facilities.

The assistance proposed by this amendment would be a major step in filling the need for financial and technical assistance to those communities which can't obtain such assistance from other sources.

That concludes the portion of the Secretary's report dealing with those programs administered by the Farmers Home Administration.

Senator BAYH. Does that conclude your statement?

Mr. POLK. That concludes our statement.

Senator BAYH. Now may I ask you a question or two, please?

Mr. POLK. Yes, sir.

Senator BAYH. To put this in proper perspective, and try to put all the cards on the table, we have had some complaints in our State about the administration of the Farmers Home Administration program.

One danger that we always face when we have a disaster of any proportion is that those who are injured are desperate, and the slightest suggestion of assistance may not be looked at in its specifics. It can be overplayed. People are grasping for straws. They are going to take any suggestion of aid as perhaps more than it really is.

And our experience has been that in this particular disaster, it is my judgment, but it has been substantiated by others, that we have made some pretty big promises out there about 3-percent money and we haven't delivered, so that rather the main emphasis has been, as you point out in part of your statement, to channel a great bulk of these people into the normal lending agency channels, and this has tended to give the agency, in our efforts to try to deal with disaster, a black eye.

Now, it seems to me we need to think about doing two things: One, to be careful that we don't mislead people as to what they can expect. No. 2, and I am tending to follow this course, try to make available for longer terms, in greater amounts, the 3-percent money.

Just exactly, for the record, what do I have to do if I am a farmer and my barn has blown away, and the roof has blown off my house, and I have had 160 rods of fence torn up, and I have lost a fine herd of dairy cattle—what do I have to do to qualify for that 3-percent loan we are speaking about?

Mr. POLK. Mr. Chairman, I might comment just briefly on the overall, for just a second.

Senator BAYH. I am not trying to embarrass you, let me say. I think we need to find out specifically what the requirements are before we can get this disaster money, and if these specifics are too stringent, then I think we need to look for ways to lower the bars.

Mr. POLK. Well, I want to make this statement. I am going to ask Mr. Frost to comment on the specific details, step-by-step action that we take, but I want to assure you, Mr. Chairman, that the Farmers Home Administration, administering an emergency loan program, and responsible for meeting emergencies caused by natural disasters, is very, very cognizant of the importance of promptly acting, promptly designating, promptly staffing up, and promptly getting out information, information through the press, radio, and elsewhere, about the services that are available through the Farmers Home Administration.

We try awfully hard not to add to the confusion that exists in a situation of this sort, but to try to bring some order out of chaos.

I would like for Mr. Frost, if he would, to comment on your specific point as to what this particular farmer does.

Mr. FROST. Mr. Chairman, if I may, I would like to go back of that just a little bit, and say we think that your point is well taken.

As you know, the Secretary of Agriculture is authorized to designate areas for the making of emergency loans, upon his finding or determination that a natural disaster has created a substantial need for agricultural credit which can't be met by private and cooperative lenders, including the regular programs of the Farmers Home Administration.

The very next section points out that once a designation is made, he may make loans, emergency loans, to established ranchers and farmers who are unable to obtain the credit they needs elsewhere.

The word "elsewhere" is used.

Senator BAYH. May I clarify the record?

This is a determination of a disaster of such import by the Secretary of Agriculture, and different from the natural disaster determination made by the Governor and the President?

Mr. FROST. That is correct, sir, without regard to that.

This can be done, and the program in the past has been administered based on interpretation of those two sections of the law, in such manner as to supplement not only private and cooperative trade but the other lending programs of the Farmers Home Administration.

Now, once an area is designated, it becomes the responsibility of the Secretary by delegation to the Farmers Home Administration to determine a formula or the manner in which FHA lending funds, including emergency loan funds and the other programs, will be used to meet the need in that area.

Well, prior to May 14, it was administered rather strictly on the basis that a loan would be made under the emergency loan program to applicants requiring credit primarily for operating and living expenses, and if his need could be met under the other programs for

purposes other than that, his entire need would be met under the other programs, and that is what has caused the confusion, I think, in Indiana.

In connection with that, we have made some recent changes. We have opened up that relationship, as we call it, with other types of loans, and still operating as a supplement within the law, we think, to the extent that applicants who need credit, eligible applicants, who need credit for operating and living expenses, and for the replacement of the livestock lost or destroyed or disposed of as a result of the natural disaster, and for the replacement of farm and home equipment lost, destroyed, as a result of a natural disaster, would be met with emergency loans, at 3-percent interest.

That is a little different type of administration than we have had in the past.

In addition, the Secretary at this same time reduced the interest rate on what we call rural housing loans under section 505 of the Housing Act of 1949, to 3 percent, when the need for such loans is a result of a natural disaster.

Senator BAYH. This was done at what date, now?

Mr. FROST. I believe May 14, sir. I am pretty sure it was on that exact date.

Now, that means as of today, in direct answer to your question, that an applicant, an eligible applicant, an established farmer or rancher, needing credit for operating and living expenses, to replace livestock, or to repair or replace equipment, all made necessary by a natural disaster—

Senator BAYH. Does this include fence?

Mr. FROST. That would include fence.

To be exact about it, up to not more than \$2,500 to one applicant. If it extended over that, then consideration would be given to his total needs under another program, and for housing, under rural housing loans, but at 3 percent.

Senator BAYH. In other words, in the hypothetical example that I gave to you, the dairy herd and the farm equipment, including fence, up to \$2,500, which in the case that I was envisioning would be sort of a drop in the bucket, really, but up to that amount, would be 3-percent interest now, and the roof on my house, I suppose, would come under the other provisions.

Mr. FROST. Under housing.

Senator BAYH. Which is now 3 percent?

Mr. FROST. Yes, sir.

Senator BAYH. So we are pretty well down to a consistent 3-percent program now.

Could you tell me why it took over a month to get to this situation, following this tornado disaster out there?

Mr. FROST. Senator, it is one of those things. During the past 4 years, we have made a continuous effort to improve all of these programs, and actually, that was the first real complaint that was ever called to our attention on it, and as soon as it did come to our attention, we got into a huddle with our lawyers.

As a matter of fact, we were concerned prior to that, because the news stories were a little misleading on it. They indicated that these loans would be made for 3 percent for these different purposes.

A farmer takes a copy of a newspaper story into our office, and he sits down and talks about it, and our county supervisor says, "Yes, I think we can help you, but I am going to have to charge you a certain interest rate for this part, and another rate for that."

We think we have got all that straightened out, now.

Senator BAYH. I hope so, and I appreciate the efforts that you have made.

When you talk about "available from other sources," does this include available from other sources at similar rates and terms?

Mr. FROST. The law reads: "At reasonable rates and terms prevailing in or near the community" where he resides.

Senator BAYH. Reasonable rates?

Mr. FROST. Yes, sir.

And I believe you will find, sir, that the hearing would indicate that bank rates are considered as reasonable rates on that. Therefore, the long term, of course, is available.

Senator BAYH. Yes. Well that could be considerably more expensive, could it not, than the program of the 3-percent long-term program?

Mr. FROST. I believe we have seen some that go as high as six, and maybe in some cases seven percent, by local lenders.

Senator BAYH. In Indiana our State treasure, Jack New, has established a depository system, in which is deposited State funds in the banks in those areas that are affected, with a proviso that these banks have to loan money at this 3-percent rate, also, for these disaster victims, which is in one sense State aid to them.

We are having some help on the part of the State agencies involved, and I appreciate the efforts that you have made to try to clarify this, because it was certainly confusing, and I think, as you point out, the first publicity release was misleading.

Mr. FROST. It was.

I might point out, if I may, sir, in connection with our entire program, that we are making emergency loans at the present in about 1,338 counties in 43 States, and I believe Governor Ellington made mention of the fact of the very large number of natural disasters which have occurred during this year, and thus far we have this fiscal year made a little over 21,000 loans for approximately \$77 million.

Senator BAYH. Now, to clarify the record, can this refinancing be done at three percent?

I notice that in the Secretary's letter to the chairman of the committee, that he says "compromise, adjust, or reduce." What does this mean? When you are talking about compromise, can you actually forgive the indebtedness?

Mr. FROST. Excuse me, sir.

Senator BAYH. Does this also mean, when we talk about compromise, and we discussed this with you earlier, that you can actually forgive indebtedness?

Mr. FROST. This means that the Farmers Home Administration is authorized under the law to compromise, adjust, or cancel any indebtedness, based upon the value of security available, and reasonable ability to pay.

If an applicant has security, we could not settle that account for less than the value of that security. If he has payment ability, we could not settle the account for less than the payment ability.

On that basis, yes, sir, we can adjust accounts with any borrower that is caused by natural disaster or otherwise.

Now, with regard to the first part of your question, I believe on refinancing, could they be refinanced at 3 percent, thus far we have not made emergency loans to refinanced debts, except to pay some bills that may have been incurred during the emergency period, but under the law, as this report points out, the agency is authorized to make additional loans, legally authorized to make additional loans to refinance a present loan, and the Secretary is authorized to reduce that interest rate, whenever he sees fit to, because of a natural disaster.

In other words, as he did in connection with the housing loan, when he said that a housing loan may be made at 3 percent.

Senator BAYH. The real problem, as, of course, you are well aware, in the refinancing is if an individual has a sizable farm operation, he can get a lot of money tied up in it pretty quickly, and a big twister destroys a whole business operation. Most of our farmers today—or I will say not most of them but many of them—have a sizable mortgage obligation because of the cost of their business.

They have the hole in the ground to clean up, and the mortgage obligation to be repaid, which means they have to, one, borrow more money to start, and two, to pay back the mortgage that they have already.

Now, are we talking about indebted Farmers Home Administration borrowers?

I am assuming that this particular section dealt with that. Or are we talking about both?

I am talking about both.

Mr. FROST. Indebted borrowers. There is legal authority to do that, and there is legal authority to reduce the interest rate, if it is determined necessary, as you say in the bill, to avoid financial hardship.

Senator BAYH. But it hasn't been determined necessary?

Mr. FROST. Well, let me comment on that, sir, if I may.

Because of the way that we administer all Farmers Home Administration loans, it is hardly necessary to do that, for the reason that we service loans in accordance with a policy, well, in accordance with a borrower's ability to pay, and if he is unable to pay because of circumstances beyond his control, we exercise tolerance with him, and stay right with him, just as long as he and we think that he has reasonable prospects of working out of his situation.

And I might add that that has worked quite well during the past years, and we team up with borrowers on those conditions, and stay with them as long as it is at all possible.

Senator BAYH. One last question, please.

Relative to the letter from the Bureau of the Budget, in which they are—we have discussed this with them at some length, and they are thinking about establishing a new type of disaster fund, which would be a contributing fund in which any loss would be borne by the Federal Government, State government, and the individual involved. It would not protect an individual from all of his loss. He would have to bear some of it, and the rest of it would be covered out of a fund to which the State and the Federal Government would contribute.

What are your thoughts about this?

When you get to relieving some of these long-term, low-interest rate loans, or you get to adjusting them, or when you have got a 30-year loan at 3 percent interest, you are in fact giving that person subsidy.

You are making a grant, although it comes with each payment, over a period of 30 years. As the budget people point out, although I personally feel there is a philosophic difference between giving a person an outright grant and relieving his burden over a long period, from the dollars and cents standpoint, it would be cheaper to write the fellow a check than to give him a 3-percent interest over a long period of time.

What are your thoughts about this?

Mr. FROST. Mr. Chairman, it probably would be improper for me to express myself as a representative of the Department on that subject.

Senator BAYH. I am just thinking that you have had some experience with administration and having to refinance these rather complicated—

Mr. FROST. Lots of experience, and I don't believe, sir, that that plan would completely take from us the authority that the Farmers Home Administration now has to settle debts.

I believe that plan would give some grants, but we would continue, then, with our regular programs, without being affected by them.

Senator BAYH. Although I would suppose that these grants could be used in certain hardship cases to help relieve some of the burden, some of the debt that had been incurred to the FHA.

Mr. FROST. I imagine so.

Senator BAYH. Well, thank you, gentlemen. I appreciate your letting us have the benefit of your thoughts on this subject, as well as the relief that you have given.

Particularly, I appreciate the clarification of that 3-percent matter that we discussed at some length.

Mr. POLK. Thank you, Mr. Chairman.

Senator BAYH. The next witness is Mr. Charles U. Samenow, the Assistant to the Administrator of the Rural Electrification Administration.

Mr. Samenow, we are glad to have you with us, sir.

STATEMENT OF CHARLES U. SAMENOW, ASSISTANT TO THE ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION

Mr. SAMENOW. Thank you, Mr. Chairman.

We don't have a prepared statement, but if the chairman wishes, I will be glad to read that portion of the report that pertains to our agency and our recommendations. It begins at the bottom of page 3 of the report.

Section 3(b) would authorize refinancing of an REA borrower's indebtedness where need is found for such refinancing, occasioned by a major disaster, as defined; loan extension such as will provide a maturity of not to exceed 40 years; and suspension of principal payments and interest charges, and an additional extension of the maturity date, for a period of not to exceed 5 years if needed to avoid severe financial hardship.

Section 12 of the Rural Electrification Act now authorizes extension of the time of payment of interest or principal of loans for not more than 5 years after such payment becomes due. The circumstances, procedures and conditions for such extension under existing law are set forth in REA Bulletin 20-5 (320-2), copy of which is enclosed. In extraordinary circumstances, an extension pursuant to section 12 may lengthen the maturity of a loan for 5 years beyond the statutory 35-year period.

Section 3(b) of S. 1861 would add to the existing authority of section 12 authority to refinance REA loans and to lengthen their maturity to not exceeding 45 years.

This Department believes that the concurrence and consequences of a major disaster may in some cases warrant relief such as is intended under section 3(b). However, to make such relief most effective, it is suggested that section 3(b) be modified to read as follows:

(b) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

The foregoing would provide greater flexibility which would be most effective in assisting a stricken system to recover from the effects of a major disaster. It would cover situations where the property of the system itself is not disastrously damaged but where its consumers are lost or disabled from using the system's services because of a disaster. The authority to adjust repayment schedules, which we believe carries out the intent of the provision of the bill authorizing the refinancing of a borrower's indebtedness, would permit the rescheduling of payments so as to facilitate financial recovery and avoidance of default.

Setting the maximum maturity term at 40 years would, in conjunction with exercise of the authority to adjust repayment schedules within such a period, furnish an effective means of lightening the financial burdens occasioned by a major disaster. The existing authority, found in section 12 of the Rural Electrification Act, "to extend for not more than 5 years the time of payment of principal and interest of loans, which is now available to all REA borrowers which qualify therefor, should be left intact as an additional form of assistance."

That's the end of the quotes from the report.

I might comment, Mr. Chairman, that the suggested revision is intended to carry out the intent, as we understood it, of the bill. It is intended to clarify what is meant by refining, and we interpret the intent to be to permit what we spell out. That is, the authority to adjust and readjust the schedule of payment of principal and interest on loans.

We have added to the provision of the bill a provision for relief where not only is there physical damage or even in the absence of physical damage to a system, where the consumers are lost.

We had a situation in Kodiak, Alaska, where the loss of revenues was a much greater threat to the feasibility of the system than the damage to the physical property itself, and with that sort of an ex-

perience in mind, we suggest that in a major disaster situation, the authority be given us to furnish the type of relief contemplated by this section to such borrowers.

Senator BAYH. Yes. I wholeheartedly concur in this specific recommendation, and as far as I see at first reading or second reading here, it seems to be a basic improvement, the suggestion that you have made.

This would permit a moratorium immediately following the disaster for whatever length the Secretary felt was necessary to get the business established again. Your reference to consumers, I think, is an excellent one, and one that has been overlooked, and may I say that it is one of the factors we have taken into consideration in preparing other provisions of this bill, as well as the REA provision.

We have had specific examples where sewage facilities or water facilities were not destroyed, but where 25 or 50 percent of the town was destroyed, and this water or sewage facility was depending upon continued use by this number of houses to meet its bonded indebtedness.

Now, this is a severe loss to this utility, just the same as if part of it had been blown away, the same as is the case of some schools. If a significant part of the assessed valuation of the community is destroyed, then its ability to raise taxes to pay its schoolteachers is going to be hampered, just the same as the school would be affected if part of the school building had blown away. So, I think you have struck on a very significant point: not only is the damage to the utility or the public building involved important. You also have to take into consideration the damage to other areas of the community.

Mr. SAMENOW. Yes. Actually, the financial feasibility of the system and the protection of the security for the Government alone are really founded on revenues from consumers. Of course, the systems were put in first to serve people. That's their only reason for existence. And if the consumers aren't there, or some of them aren't there, or the subscribers to develop service aren't there, there are no revenues, and the burden on the remaining consumers and subscribers would be so greatly enhanced as to seriously question the economic future of that system. So, in some circumstances, and I pointed out the example—

Senator BAYH. There would be unusual circumstances, but you point out one; I pointed out a couple not dealing in the area of REA, but in the school or the public utilities.

Mr. SAMENOW. Now, the third deviation from the language in 3(b) is rather than to spell out the authority to make the extensions for 5 years, further extension for 5 years in the disaster situation, we do not want to take the risk of having that language interpreted as being in place of, or mitigating or diminishing our authority under section 12 to make the extensions.

Now, I do want to point out that, of course, interest on these loans runs, regardless of what happens. The 2 percent that just keeps on going. The benefit, perhaps one of the greater benefits, that a system would derive under this bill is the diminishing of the cash requirements, the burden of paying both the principal and interest. The readjustment of schedules of repayment would permit us to postpone the payment of the interest, but not to forget it, and I think that our systems, on the basis of some 30 years of experience, are pretty proud of

their repayment record, want to pay back to the Government their loans with interest.

I don't think I have to point out to you, Mr. Chairman, because of your long and evidenced interest in the program, that our record of repayment is perhaps the most outstanding record that has ever been established by any financing institution, private or public. In 30 years of existence, with over \$5 million in our loan portfolio, we have actually suffered losses totaling something like \$44,000.

Senator BAYH. That is a remarkable record.

Mr. SAMENOW. One of them, by the way, the result of a hurricane off the North Carolina coast.

If you have any further questions, sir.

Senator BAYH. I have been discourteous enough to interrupt your statement to suggest a thought or two that might be interpreted as a question. I have no question.

I appreciate very much your coming before the committee to elaborate on the statement that the Secretary made in his letter, and I appreciate your cooperation in this matter.

Mr. SAMENOW. Thank you for the opportunity, sir.

Our next witness will be Mr. William O. Shofner, the Deputy Director of the Policy and Program Appraisal Division of the Agricultural Stabilization and Conservation Service.

Mr. Shofner.

**STATEMENT OF WILLIAM O. SHOFNER, DEPUTY DIRECTOR OF
POLICY AND PROGRAM APPRAISAL DIVISION, AGRICULTURAL
STABILIZATION AND CONSERVATION SERVICE; ACCOMPANIED
BY CHARLES COX, ASSISTANT DEPUTY ADMINISTRATOR FOR
STATE AND COUNTY ORGANIZATIONS**

Mr. SHOFNER. I have with me, Mr. Chairman, Mr. Cox—Charles Cox—who is Assistant Deputy Administrator for State and county organizations of ASCS, also.

I do not have a prepared statement.

Our agency is interested in section 7 of the bill. We had a comment on this section in the report, if you would like. It is very short. I will be glad to read it.

Senator BAYH. Fine.

Mr. SHOFNER. It appears on page 5 in the Department's report.

Section 7 would provide the Secretary with authority in a major disaster area to reopen or extend under such terms and conditions as he may prescribe programs administered by the Department, if (1) such action is necessary to help such farmer avoid severe financial hardship, which has resulted or would likely result from such major disaster; (2) such farmer would have been eligible to participate in such program, if he had made timely application for participation; and (3) such action is feasible and will not materially defeat the purposes of such programs.

This section could apply to the wheat and feed grains and other programs administered by the Agricultural stabilization and Conservation Service.

The Department is opposed to this section of the bill. The diversion programs have since their inception included requirements that producers who wish to participate sign up by a specified date. These requirements result from the fact

that the purpose of each of the programs has been to provide incentives for the reduction of excessive production which would not have occurred in the absence of the program. Accordingly, benefits have not been made available to those who had not intended to participate as evidenced by their failure to sign up by the specified date, but who at a later date accidentally found themselves in compliance with diversion requirements of the program.

This concludes the statement in the report having to with section 7.

We will be glad to answer any questions that the chairman might have.

The ASC program, as I understand it, has other funds available to it, disaster funds. Would you care to comment on the—I didn't mean to interrupt. If you had a further statement, but I think that we maybe should explore other ASC disaster funds, and then I want to pursue this program with you, also.

It was my understanding that you helped restore fences and other equipment.

Mr. SHOFNER. We have what we call emergency conservation funds, funds that are made available for conservation measures and for clean-up operations under the agricultural conservation program. Funds are available, based on direct appropriations. I believe during the past year we have had two such appropriations, one for about \$4 million, and the more recent one for \$10 million. These funds are available to assist on conservation or emergency cleanup practices on farms, as a result of disasters of one kind or another. Yes, sir. We do have, and those funds have been used.

Senator BAYH. Now, how extensive is this? Must it be a conservation part of the farm that is utilized for conservation practices before these funds can be available?

Mr. SHOFNER. Well, most of the practices, I believe, that are involved in this are practices which are available for carrying out under the conservation, the regular conservation program, but, of course, the practices have a different number, but actually, they have to do with getting cropland back into shape for producing a crop or for putting certain land to other uses, such as grass, or conservation measures. We also have another. The Department makes available feed grains at reduced prices, as you know, in areas that are hit by disasters.

Senator BAYH. I must say, in all fairness, and in all candor, and not to be critical of you gentlemen, but here again, many of the farmers in our area were led to believe that programs were going to be made available, were urged to seek relief from them, by early publication and publicity, and then when they went to apply, they found out they weren't available.

The one that really surprised me was the one about fencing, that the fences to be restored had to be directly related to a conservation practice.

Now, we are talking about different things here?

Mr. Cox. No, sir.

Mr. SHOFNER. Mr. Cox.

Mr. Cox. You are right on target, Senator. There is a legal problem involved, as you have probably surmised.

Senator BAYH. We have two problems: First is to make more liberal the funds, the programs that are available to meet these needs.

Second, it seems to me we have to be awfully careful in a time of emergency and disaster that we don't inadvertently mislead someone to believe that aid is there. Once he believes aid is there, and he can't get it, it is worse than not having any aid at all.

Mr. Cox. You are absolutely correct. But under this fencing, restoration of fencing practice, we have to be in a position under the law to show that it serves a conservation purpose, and I think it is fair to say, Senator, that with the assistance and counsel of our lawyers, we went just as far in that direction as we possibly could.

Senator BAYH. Let me ask you again, a question on your original statement about extending the program which you stated and the Secretary stated was not wise.

What are the purposes of these programs? What is the purpose of the wheat program and the feed grains program, as you see it?

Mr. Cox. Well, a major purpose, Senator, is to tailor supply, adjust supply to requirements, over all. This is a major aim of our wheat and feed grain program, and the Department always conducts a rather extensive signup period. It runs on for—

Senator BAYH. I have signed up, so I am very familiar with those.

Mr. Cox (continuing). A number of weeks; I think a little over 2 months in total. The program this past year, the signup period was extended about a week in selected areas because of bad weather. But having in mind that a major objective of the program is to adjust supplies, and taking account of the need to develop the program on the basis of the signup, and since everybody has an opportunity to sign up, if he chooses, and since this program is grounded in economics on an economic basis, rather than any other, and because every farmer has the opportunity to sign up, we think it would be inappropriate to extend this kind of benefit to people who had lost a crop because of major disaster.

There are other programs that would aid these people, and we would prefer that these particular programs which are aimed at this supply adjustment not contain this provision.

Senator BAYH. Let me say there, as you are probably aware, I made a rather critical statement the other day on the floor of the Senate, directed not necessarily to the Secretary of Agriculture, but to those who have provided him with what I thought was some bad advice, and I hope that neither one of you gentlemen were the targets of my remarks, but let me read to you, if I may, the Senate committee report accompanying the Feed Grains Act of 1963, as on page 4. I will read this one paragraph, in which it cites the general purpose of this act:

The purpose of this legislation is fourfold. One, it will further bring down surplus stocks of feed grain—

A point to which I alluded—

two, it will reduce cost to taxpayers. Three, it will give the wheat and feed grain producers new freedom and flexibility in the management and operation of the farms since they can freely substitute acre for acre between these crops whenever they find that doing so will increase the efficiency of their own farming operations; and four, it will help to maintain and increase farm income, by assuring fair prices for feed grain producers and by providing a basis of stability for livestock prices.

So, as an experienced farmer myself, and one who has followed this feed grain program, I would have to think the purpose of the program are, one, to cut down the supply, find some way to make supply equal to demand, and, two, to give farm income a shot in the arm. Isn't this a fair statement?

Mr. Cox. This is true, sir.

Senator BAYH. The thing that concerns me about the turndown, as far as our tornado disaster victims were concerned, is that some of those who have suffered losses in the recent flood—and I am not familiar with the crop improvement situation in Colorado, about which the Senator from Colorado, I am sure, will speak—were not losses which, except the wheat, would have caused a farmer to lose a crop. We were appealing to the Secretary to open these programs for people who had trash and debris scattered all over their land, or have their land inundated by floods, a lot of silt, in which you have the same problem, a severe problem. These people are going to put it in production. It is in production in Indiana. Mr. Wiggins testified to the fact that the same is true in our northern neighbor, Michigan, and much of this land is in production.

It is not something that you can say in August, "The corn crop is gone; there is nothing else you can put in there."

These people, through good old rural ingenuity, got out and at great expense they removed this trash and debris. They destroyed equipment, destroyed tractor tires; they had to hire increased labor, so it is going to cost them a lot more to get this land into production, but they did it, because they knew they were going to have to do it sometime; and, secondly, because it made the crop late, they are not going to make as much out of it, so it is not going to be as good an income crop, so it seems to me we could have accomplished two of these main purposes of the act: One, we could have cut down production, because this land is producing now, and, two, we could have enhanced farm income, because the production of it is certainly not going to be very financially feasible, compared to a normal crop, because it cost a heck of a lot more to put in.

Now, would you think a bit out loud for me on where I err in my assessment of the error that was made down at Agriculture?

Mr. SHOFNER. Well, some of these producers, of course, you mentioned a number of them who have been affected by an emergency of this kind. Some of them will make a crop, as you say. A number of them, however, may not make a crop.

Senator BAYH. Well, in Indiana, I would be willing to say that 99 percent of those that were affected by this tornado disaster will make a crop. It is already planted.

Mr. SHOFNER. The chances are, though, that the amount of the crop they make is not as large a crop as they had in mind making at the time they made their planting, and when they made the decision not to participate in this program.

You see, we have to come back, in an economic program of this kind, to the fundamental objective of the program, which is the tailoring of supply to requirements. Now, in tailoring supply to requirements, there are other objectives of this legislation, and in order to hold up income and to make up for some of the reduction in income that a producer would have to sustain in the absence of the program,

diversion payments are made. Now, why are they made? They are made because the farmer on his own has planned to reduce his crop a certain amount, and contribute to this adjustment in production.

And this is the basis for the payments. He has contributed by planning his operations at the outset to reduce production. Every farmer having the opportunity to avail himself of this program chooses not to, and later on, if because of a disaster, his crop is less than it would otherwise be, it is true that he has contributed some to the adjustment, because his crop is lower than it might otherwise be.

But we don't believe this is an appropriate program to make a payment to him for this reduction which came about accidentally. Not as a result of the program.

Senator BAYH. I talked to the Secretary about this, and he is concerned, and I know you gentlemen are, about turning the feed-grains program and other programs into a welfare program. Now, I share this concern.

Mr. SHOFNER. Yes. Yes.

Senator BAYH. But here we are not doing that at all. Take, for example, one farmer who wrote that he has 20 acres, and is putting it in corn. He destroyed five tractor tires, had them punctured, didn't destroy them; I suppose they are probably pretty well destroyed, but you know what it costs to get a tractor tire repaired. It is not like taking a normal tire and getting it repaired; it is a manual operation, and an expensive operation.

Mr. SHOFNER. Yes.

Senator BAYH. They tell of pulling wagons behind a tractor that ends up with big slivers of glass in them. This fellow has got that corn in the ground and I dare say he won't vary 5 or 10 bushels to the acre, if it varies at all, from the original time, because of the particular date that this happened. He is going to have a good crop, but the cost of putting that crop out is going to be so large that he is not going to make any income from it at all, but it certainly is going to be a 20-acre depressant on the market, if you call a bumper crop a depressant, and this is what the feed program is supposed to alleviate.

We are not asking that the Secretary be given an arbitrary set of statistics that say whenever a disaster happens that he must do this. But we say that (1) when such action is necessary to help such farmer avoid severe financial hardship, which has or will likely result from such major disaster; (2) when such farmer would have been able to participate in such a program in the first place; and (3) when such action is feasible and will not materially defeat the purpose of such program, the program should be extended. I don't see how that 20 acres is going to defeat the purpose of the program, or the hundreds of other acres like it in Indiana and Michigan.

Well, there is no need pursuing it, unless you have additional thoughts. I am not trying to embarrass anyone, but I think really we have missed the main thrust of this, as this wasn't land that won't be producing. It is land that is producing right now. It is in production.

Mr. SHOFNER. One of the problems, Senator, the example you cited was of a man whose production might vary no more than 5 bushels per acre from what it would have been otherwise, but if we had a program

of this kind, and we simply open up the dates to people who want to sign up on an after-the-fact basis, it would be very, very difficult to distinguish those who would really make no crop, or very little crop, as against those who, in the absence of being able to take advantage of this program on a late date, would produce about their normal crop.

Senator BAYH. Well, this, I think, is the reason we have capable administrators to be able to make this decision, to use their discretion to determine when it should be used and when it should not be used.

Mr. SHOFNER. The Department has to come back to the central thrust of the program, which is aimed at the adjustment of production, and the fact that every farmer has an opportunity to sign up over a period of time. Now, if he signs up and later does not participate, he really hasn't lost anything, but it is important that he sign up ahead of time, so we can make our plans on about the adjustment we expect to get, and I believe as you stated, the Secretary is concerned that this program be adulterated or mutualized to some extent by tying in with it some aspects other than a straight economic program of adjusting the supply.

Senator BAYH. It seems to me to have done just that, helped adjust supply. Take the Colorado wheat farmers. We have got a crop that is pretty well along, standing knee high, and you all of a sudden find that you have got window panes and 2 by 4s filled with nails and roofing scattered out throughout that wheat. The farmer is going to try to go ahead and combine that, but in the process, he is going to really have an expensive operation. He is going to have to repair his combine along the way, and tire punctures. But the crop is going to be produced, and what we are saying or suggesting is that, let's take it out of production, and let's ease the financial burden on the farmer, which is a point of the 1963 program.

One last question: Do you have any recommendations regarding an alternative to assist the farmer to get his land back in production?

Mr. SHOFNER. I don't believe so, Senator. Insofar as these programs are concerned, and, actually, I believe the programs we have talked about here are the ones that are involved in this particular section. This is the only section which our agency has responsibility for.

Senator BAYH. Thank you very much, gentlemen.

I appreciate your letting us have the benefit of your thinking.

Senator BAYH. We are fortunate in having one of our colleagues from Colorado, who is, unfortunately, presently enduring one of these disasters that we are attempting to deal with.

I would like to ask him if he would care to share his thoughts on the problem that he has in the State now, and the legislation which is presently before the committee, and designed to help alleviate loss and injury suffered to people in just this specific kind of an area.

Senator Allott.

STATEMENT OF HON. GORDON ALLOTT, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator ALLOTT. Thank you, Mr. Chairman.

As members of this committee are aware, commencing Thursday of last week we in Colorado have suffered a disaster of major proportions. Just last Saturday, the President designated 28 counties in eastern Colorado as a national disaster area.

This is 28 out of 63 counties in the State.

Just so you can get some idea of what is involved in this, this is the map of Colorado. The original storm originated in this area, near Palmer Lake, Colo. It was an unusual tornado situation, and a collision of a high pressure area from the northeast, and low pressure from the southeast, bringing in a lot of heavy moisture-laden atmosphere a cloudburst situation developed—very suddenly. It started dumping excessive amounts of precipitation.

The heaviest damage occurred downstream on the South Platte River, Plum Creek, and Cherry Creek. Although the dam held, it created a lot of damage in the Englewood and Denver area, putting the sewer completely under water, and continuing with its damage downstream. Some damage in Greeley, some damage along here. The Bijou Creek rampaged and further swelled the South Platte just above Fort Morgan causing severe damage to Fort Morgan and other towns downstream.

The light plant was under water. The town was partially evacuated, and everything east of Fort Morgan to the State line had to be evacuated.

In east central part, there was damage to Colorado Springs, and Pueblo. Heavy rains fell throughout the entire area, as they did up here.

These rains in the Colorado Springs to Limon area drained down through Fountain Creek here, Rush Creek, and Big Sandy, which comes back up to Peyton, and then turns south and dumps into the Arkansas at a point east of Lamar—which happens to be my hometown.

I am informed that there was 125,000 people evacuated east of Pueblo, down the Arkansas River, on Thursday and Friday.

Holly, the easternmost town in the State, down on the Arkansas, was completely under water—about 4 feet of water. All of the town south of the tracks is gone, and all of the main part of the town is heavily damaged. This flooding was also increased by the flood of rains from the north.

Granada was completely under water.

My own city of Lamar had four to four and a half feet of water over seven-eighths of the town, and although the John Martin Dam, which was 20 miles west of Lamar, remained intact, and was able to hold the flood flows along the Arkansas from the west—from Pueblo and down—the water which accrued in the area south and southwest of Lamar and north and northwest and which came into the river and caused Willow Creek to flood, and created this damage. My own office was under 4 feet of water.

I have personal reports on one home, because my father-in-law lives there, and he had 4 feet of water in his house, 8 inches of mud in the house now, at the present time. Water up over the beds and everything.

I only cite this one instance as an example, not that he is deserving of any more sympathy than anyone else. He is an elderly man, 86 years old, but if you multiply this by 3,000 houses in Lamar, or more, and multiply it by many, many, many times—the people in the Colorado Springs to Denver area, people down the Platte Valley and the people all down the Arkansas Valley—you get some conception of

rugs, flooring, walls, furniture, beds, all gone. You get some concept, then, of the damage that has been done to the individual people of Colorado.

In addition to that, of course, these two great areas, flood areas, are irrigated areas, and we are now attempting to make an assessment of the damages which will have accrued to the irrigation companies along these two great drainage systems, the Arkansas and the Platte. I have no way of estimating it, although water law has been my major portion of my life's work.

I am sure from my own knowledge that the amount involved in rehabilitating these ditches, where they have washed out, and in rehabilitating their diversion structures, will run into millions and millions of dollars alone.

The damage is simply immense, and this doesn't take care of the individual lateral ditches running out from the main ditches, and the erosion damage and silting which occurred to the farms and crops.

Rough preliminary estimates of damage total \$102 million, of which \$10 million is to State and Federal highways alone.

I hasten to point out that this is an extremely conservative figure, since the hardest hit area—the Arkansas Valley—has not yet been able to assess its damage.

All of the towns were cut off, both by highway and by communications. It is still impossible, for example, to get a telephone call from here into Lamar or any town in the Arkansas Valley.

Between Denver and Colorado Springs alone, a distance of 65 miles, 17 bridges are destroyed. That is on the new Interstate Highway System, No. 25.

Water systems have been destroyed, or contaminated, throughout eastern Colorado, constituting grave danger to public health.

I was just on the phone a moment ago with some friends in Cripple Creek, and this is, of course, in the mountains about 9,000 feet elevation, west of Colorado Springs. They lost their entire water system, even up there.

Communications were totally out, and some of them, as I indicated, are still out in large areas of the State, and communications are still disrupted in a majority of the communities.

Some of the communities, particularly in the Arkansas Valley, have been totally isolated, and supplies, even emergency supplies, have had to be taken in by helicopter.

They are still, for example, supplying groceries to my own home city by helicopter.

In order to illustrate the magnitude of the disaster, I have had reports, as I indicated, that 125,000 people were evacuated from the lower valley alone, and it is probable that a similar number were evacuated from the Platte Valley, because on Thursday night all people east of Fort Morgan in the Platte Valley were evacuated.

We have been very fortunate in a comparatively small loss of life. It is estimated by this morning's Wall Street Journal at 21, and for a disaster of this magnitude it is a very small number, but, of course, this is no consolation to those who were affected by the deaths and casualties.

The greatest immediate problems in the public health areas were typhoid and encephalitis. Inoculations by the Public Health Service

are being given the entire populace of the Arkansas Valley area, and the Platte area, and wherever there is apt to be a problem.

Cleanup is already underway due to the very fine cooperation among the various local, State, and Federal agencies.

I would like to compliment particularly the Office of Emergency Planning, the Department of the Army, the Public Health Service, and, of course, our fine Governor, John Love, who assembled his team of State experts, for the amazing promptness with which they responded to this emergency situation.

I hope no one will be offended if I fail to include them—there were so many, all doing a magnificent job—but my poor memory may cause me to inadvertently omit some. I must say that we have been helped immensely by the Office of Civil Defense, the National Guard, the 5th Army units at Fort Carson under General Maroon, and by many others. As a matter of fact, there has not been a State or a Federal agency which has not been very cooperative in getting relief to the flood victims.

There is one group that I forgot to thank, and that is the Colorado National Guard.

It would be impossible to put in the record here everybody who worked and sacrificed themselves during those few days.

The Colorado National Guard, and we even had 25 Youth Corps men from Fort Custer in Wyoming who volunteered and came down.

I might also say that on Thursday morning I informed the White House of this situation, as did Governor Love, and the President, with almost unprecedented speed, announced that he was declaring these 28 counties as a disaster area.

To put this in another context, since the map will not be in the record, the counties affected constitute almost entirely the east half of Colorado.

Now, this is only one and the most recent of a series of disasters which have hit the United States, beginning in March of 1964 with the earthquake in Alaska, moving on to the floods in the Pacific Northwest, the floods in the Upper Middle West and Montana, the series of killer tornadoes experienced by the Midwest, and the annual hurricanes which strike the gulf and Atlantic coast areas.

As members of the committee know, we do have provision for Federal aid in such situations, but the measures introduced into the Congress after each of these major disasters testify to the fact that the presently existing legislation is inadequate.

Senator Mansfield has recognized this need for many years, since 1953, and has sponsored legislation to provide the necessary tools for the President to render the assistance commensurate with the emergency.

While I have not had the opportunity to fully evaluate the specific provisions of your S. 1861, there obviously is a need for general legislation along these lines. And it would seem much more orderly to provide standards applicable to all natural disasters than to introduce legislation for each specific case.

In this respect, I recall that both the Interior Committee and the Appropriations Committee—I am privileged to serve on both of these committees—spent many hours of many days, in fact, over a period of several months, working specifically on special legislation for each of these disasters.

For this reason, I commend you, Senator, and others of my colleagues who have sponsored S. 1861, and I also commend the members of this committee who are concerned with this problem.

I urge your early action to provide permanent legislative authority for the necessary relief to victims of these natural tragedies.

Now, Mr. Chairman, I would like to comment on how I have seen this matter work at firsthand in these last few days, and this comes from sitting on the phone almost constantly here with various governmental agencies, and with the State of Colorado relative to this great tragedy, from which it will take the State of Colorado many years to recover.

It does seem to me that the Office of Emergency Planning is a sensible concept and way to go about this. Of course, their responsibilities extend far beyond, as the Chairman is well aware, the idea of what I would term natural disasters. They go to our very safety in matters of defense, and planning for any kind of military exigency which we might encounter.

But the concept of centralizing this in one office, as it has been in the OEP, to me is a very sound one.

We are confronted in a situation of this sort with combining and coordinating all of the elements of the Government into a focal point. Utilizing one office such as the Office of Emergency Planning seems to me to be a logical way to do it. They operate at a level even above the Civil Defense Office in this area.

We would ordinarily think of Civil Defense and utilizing their agencies, but in contacting Governor Ellington, Buford Ellington, and Frank Dryden, his very capable assistant, I must say that we found complete cooperation and received immediate action.

It is impossible for one agency to do this job by itself, in my opinion, because you have to tap the complete resources of the Government in order to do it.

You were discussing this with the Department of Agriculture people just a few moments ago. You have to tap their resources. You have to tap the credit facilities of the Farmers Home Administration.

I am happy to say that the Allott-Cooley credit bill, which became a part of the general farm bill of 1961, has fitted this and the other tragedies this year very well. Under the emergency loan provisions, farm victims are able to get credit for the restructuring of farm buildings, both the dwellings, the livestock pens, the barns, and all that go with it. So you have to tap the Agriculture people for people that.

When it comes to clearing away debris you have to have heavy equipment, and of course no single agency has all the heavy equipment available to do the job in a given agency.

So you have to tap the resources of the Army. You may have to tap the Air Force, and other parts of the defense system, as well as the Civil Defense, to take care of the emergency matters.

Senator ALLOTT. We had to tap in this instance both the Army and the Air Force for helicopters.

I would be very remiss if I did not pay my respects to the pilots and mechanics who kept these choppers operating for some 36 straight hours before they got additional help and relief.

You have to tap the civil defense for their hospitals. You have to tap the Public Health to come in and do, as I said, the job here, with inoculations against whatever it might be, and to assist in other health measures. In our area it happens to be typhoid and encephalitis.

And you go clear around the whole gamut of Government activities, and it seems to me that in such a thing as this, a central office such as the OEP, beefed up to handle these disasters, would be of great assistance. This is not critical in any way of the OEP. Their people have been operating through the Governor's office in Denver, and they have been of great help.

But a central office with authority to utilize the facilities of all the agencies does seem a logical way, to me, to go about it.

There is one great area here, which is probably the saddest of all, and that is the number of people who can't insure against these disasters.

We in our area can insure against tornadoes. We can't insure against floods.

As a matter of fact, I don't know whether I said this before, but my own law office is under 4 feet of water. There is no insurance for anything of that sort, or for the homes there. So one of the things I think that may well be considered in this is, How do you help the individual?

Loans, disaster loans, are available through the Small Business Administration to businesses. Loans are available to livestock people. Loans are available to ditch companies through the Farmers Home Administration, and irrigation companies, but we have no way of measuring the impact against the individual.

Those who have either direct loans from the Government, such as HHFA, or insured loans through the Veterans' Administration, can of course receive favorable consideration in the adjustments of those loans.

But people who have private loans which are not insured by the Government, or people who simply own their homes outright, are left with an almost impossible loss, and one which they may never be able to replace.

And this is probably, as I see it at the moment, the weakest link in our chain. The Federal Government can come in and help rebuild the public roads and share in that cost under present law. But the most difficult, of your tasks, I think, is going to be in determining what and how we assist the individuals in the classifications that I have described.

Mr. Chairman, I will be happy to answer any questions I can. Necessarily, I have had to get my thoughts together rather quickly, but it is all very fresh to me, having been in it for the last 4 days. You may want to consider some of these suggestions.

Senator BAYH. Senator Allott, I appreciate very much your taking the time to let us have the benefit of your thoughts. I know from first-hand experience how you must feel, having just gone through this, inasmuch as we had a disaster, as you know, that hit our State earlier this year.

We are trying, in this bill, to beef up two or three areas in the public sector. I would be glad to have your analysis as the water goes down in Colorado as to whether you are in agreement with us that in a time of inundation such as you are going through now, a typical disaster situation and flood, that the State funds will be completely needed, or used, for replacement of State and county farm-to-market roads, as well as city streets and this type of thing, and that thus we could use more Federal funds for replacement of highways.

You hit the nail right on the head when you point out that the real void that we have here is assistance to individuals, and although the subject might not be completely related here, in my opening statement I alluded to the fact that in the last decade we have spent over \$700 million in assistance to foreign governments for disasters. This is just disaster funds.

In addition, we spent billions in foreign aid, but in disasters alone we have contributed over \$700 million.

Senator ALLOTT. I might point out, if the chairman will yield to me, that in the Chilean earthquake, we put up \$500 million in that disaster, alone.

Senator BAYH. There has been a lot of money spent, and I am not saying necessarily that this has not been well spent, but it seems to me we should at least be consistent and treat the individual citizens of America with the same degree of compassion that we are aiding those of other countries.

Senator ALLOTT. May I say I think it is going to be very difficult to set up specific standards.

If you have a retired couple you have one set of circumstances. Or, if you have a man with four children who has a job which pays him \$5,000 or \$6,000 a year, you have another given set of circumstances. It is obvious that he has no way of going out and purchasing a new house, purchasing new furniture, and things like that.

The man next door may have the means of doing it, and can do it without any particular bind on himself.

I think providing standards and considering all the factors upon which such assistance could be given is one of the most difficult tasks. And at the same time, it is not just the impact of the floods upon the individual and his home, and a business and the home. It also deprives people of jobs, which accelerates the situation, and this factor has to be considered.

Senator BAYH. It is depressing both to the community and the State.

Senator ALLOTT. Yes, sir.

Senator BAYH. Thank you very much, sir.

Senator ALLOTT. Thank you very much, Mr. Chairman.

Senator BAYH. Our last witness this morning is Mr. Ray P. Bland, the Assistant General Counsel of the Veterans' Administration, who I understand is accompanied by Mr. John M. Dervan, Director of the Loan Guarantee Service of the Department of Veterans Benefits.

Gentlemen, we appreciate your patience and are particularly grateful that you will let us have your thoughts.

STATEMENT OF JOHN H. KIRBY, DEPUTY ASSISTANT GENERAL COUNCIL, VETERANS' ADMINISTRATION; ACCOMPANIED BY JOHN M. DERVAN, DIRECTOR, LOAN GUARANTEE SERVICE, DEPARTMENT OF VETERANS BENEFITS; AND ROBERT K. COON, ASSISTANT DIRECTOR

Mr. KIRBY. Mr. Chairman, may I say first that unhappily Mr. Bland was not able to be here to represent the agency this morning.

I am John H. Kirby, and I am Deputy Assistant General Counsel of the Veterans' Administration. And I would like the opportunity to introduce Mr. John M. Dervan, to my right, who is the Director

of our Loan Guarantee Service in the Veterans' Administration, Department of Veterans' Benefits, and also Mr. Robert K. Coon, who is the Assistant Director on Mr. Dervan's staff for Loan Policy.

Mr. Chairman, we have a statement which I would be pleased to read, if I may, sir.

Senator BAYH. Fine. Please do.

Mr. KIRBY. Mr. Chairman, we appreciate this opportunity to present our views on S. 1861, which you have under consideration.

S. 1861 proposes to provide various types of relief for areas suffering a major disaster. Section 3(b) is the only section of the bill which affects the Veterans' Administration. Therefore, my remarks will be confined to that section.

Section 3(d) authorizes the Administrator to refinance any loan "made" by the Veterans' Administration where he finds that refinancing is necessary as a result of loss, destruction, or damage to property securing such a loan as a result of a major disaster.

The section authorizes reduction in the interest rate on such loans to a rate not less than 3 percent per annum. Term of the mortgage may be extended for such a period as will provide a maturity not to exceed 40 years.

Under the section, the Administrator may also suspend the payment of principal and interest charges and extend the maturity date for an additional 5 years, where such action is necessary to avoid severe financial hardship.

Since the section applies to loans "made" by the Veterans' Administration, it would be applicable only to our "direct loans" and loans made to borrowers who purchase homes owned by the Veterans' Administration—our so-called vendee accounts.

Loans acquired by the Veterans' Administration would not be included, since they are purchased from private lenders and are not "made" by the Veterans' Administration.

The authority to refinance provided in the section is interpreted to mean the authority for recasting the terms of payment of an existing loan, which could include postponement of payment, extension of maturity, reamortization, or a combination.

We do not interpret the section to mean that additional moneys will be advanced.

The Veterans' Administration agrees with the objective of section 3(d). The section, however, provides but little statutory authority which is not already contained in laws pertaining to veterans' benefits.

Authority is provided in the section to extend the maturity of a direct loan by refinancing for a period not to exceed 40 years. Under present statutes, direct loans for the purchase of residential property must mature in 30 years. However, on farm realty loans, the maximum maturity is already 40 years.

The statutory maximums do not apply in vendee account cases. However, the Veterans' Administration practice has been to limit the maximum maturity of such loans for 35 years.

The section would also grant the Administrator specific authority to reduce the existing contract rate to not less than 3 percent in refinancing the limited class of cases to which the section applies.

Section 1811(d) of title 38, United States Code, provides that the interest rate for direct loans shall be the same as for guaranteed loans. The guaranteed loans—

* * * bear interest not in excess of such rate as the Administrator, with the approval of the Secretary of the Treasury, may from time to time find the loan market demands; except that such rate shall in no event exceed 5½ percent per annum.

The Administrator now has authority under section 1820(a)(5) to fix the terms of sale of properties in vendee account cases—the only limitation being “as he determines to be reasonable.”

The existing VA regulations afford assistance through postponement of payments on direct loans and authorize extension and reamortization in situations sought to be relieved by the 5-year moratorium and reamortization features of section 3(d).

We consider section 1820(a)(5) of title 38 to be broad enough to permit the same relief in respect to vendee accounts.

While section 3(d) is not applicable to guaranteed or insured loans, we believe it appropriate to point out that under present laws and regulations pertaining to veterans' benefits, there is ample authority for the holders of guaranteed and insured loans to afford borrowers similar assistance.

In addition, the holders of guaranteed and insured loans, as well as the Veterans' Administration as a holder of vendee and direct loan accounts, may make advances for necessary repairs.

We have no basis from which to make an estimate of the cost to the Veterans' Administration if this section of the bill were enacted. However, past experience with loans on properties in areas designated as disaster areas indicates that any additional cost would be minimal.

To summarize, our existing authority appears to be sufficiently broad to afford the type of relief contemplated by section 3(d). The section would provide some additional authority which might prove helpful in this area. Accordingly, we do not object to its favorable consideration by your committee.

The Bureau of the Budget has advised that there is no objection from the standpoint of the administration's program to the submission of our report on S. 1861, which is along the lines of this statement. The Bureau is making its own report to the committee.

Mr. Chairman, this completes our formal statement on S. 1861, and we will be more than pleased to endeavor to answer any questions you may have, but if I may, although not covered in the statement, I would like to make a technical observation.

Some years ago, the laws relating to veterans were recodified, as you may know, sir, and appear in title 38, and we feel that it might be desirable if this or similar legislation to that in section 3(d) is enacted, to have that legislation recast in the forms of appropriate amendments to the sections to which they would relate in title 38, and we offer that suggestion.

And might I say, sir, we would be more than pleased to work with the committee staff to that end.

Senator BAYH. Thank you very much, Mr. Kirby.

I appreciate your letting us have your statement, and you pointing out the facts that the Veterans' Administration presently does have rather liberal statutory provisions.

I would appreciate it if you would give us your thinking as far as specifics. We certainly don't want to complicate the job of administering this by unnecessary statutory authority. Rather, we are trying to coordinate a bit better.

We appreciate the support which your statement gives to our granting the additional authority, which is minimal, to be sure.

I think we could also use some of your assistance to that, perhaps by interpretation, the exclusion of the guaranteed and what was the other one, guaranteed and insured loans, might be to incorporate those all together and treat them similarly.

If you feel this is necessary, we don't want to risk that.

I have no questions. I appreciate very much your coming.

Again I apologize for the length of the hearing. It is a subject touching many people very deeply, and as you could see, Senator Allott, having just experienced what some of us had experienced earlier, was convinced that something needs to be done.

And I appreciate your cooperation in helping us to get it done.

Thank you very much.

Mr. KIRBY. Thank you very much, Mr. Chairman.

Senator BAYH. We will be in adjournment until 9 o'clock tomorrow, at which time we hope to be able to terminate the hearing.

(Whereupon, at 12:45 p.m., the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, June 22, 1965.)

DISASTER RELIEF ACT OF 1965

TUESDAY, JUNE 22, 1965

U.S. SENATE,
SUBCOMMITTEE ON FLOOD CONTROL,
RIVERS AND HARBORS, OF THE
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 9:10 a.m., pursuant to recess in room 4200, New Senate Office Building, Senator Birch Bayh (chairman of the subcommittee) presiding.

Present: Senators Bayh and Jordan.

Also present: Senators Bartlett, Mondale and Hartke.

Senator BAYH. We will reconvene the hearing this morning.

The first witness will be Mr. Ross Davis, the Executive Administrator of the Small Business Administration.

Mr. Davis, we appreciate your coming.

You look like you are well armed there.

Inasmuch as the Small Business Administration does have a considerable role to play in disasters, we are anxious to have your thoughts as to how we can better do the job that is to be done.

I might say in retrospect, looking at the disaster we had in Indiana, that although it was well administered, the Small Business Administration's role in the disaster relief program, as well as that of the Federal Housing Administration, as I discussed with the gentlemen from that agency yesterday, was subject to some unfortunate publicity at the beginning of the crisis, in which I think we did not adequately specify when and how one could avail himself of the 3 percent money, and, as a result, there were some applicants who were most discouraged because they were directed into normal lending channels.

You might speak to this question, sir, as well as your prepared statement, and any other thoughts you might have on the subject.

**STATEMENT OF ROSS D. DAVIS, EXECUTIVE ADMINISTRATOR,
SMALL BUSINESS ADMINISTRATION; ACCOMPANIED BY CLARENCE COWLES, DIRECTOR, OFFICE OF DISASTER LOANS; JOHN KIVLAN, COUNSEL; AND LOGAN HENDRICKS, DEPUTY ADMINISTRATOR FOR FINANCIAL ASSISTANCE**

Mr. DAVIS. Well, thank you, Mr. Chairman.

I would like to introduce my colleagues here.

On my left we have Mr. Clarence Cowles, our Director of the Office of Disaster Loans.

We have our counsel, John Kivlan; and, on my right, we have Logan Hendricks, who is our Deputy Administrator for Financial Assistance.

Senator BAYH. I might say to Mr. Cowles, in connection with that excellent television appearance, be careful that somebody doesn't try to sign you up for a contract, or something like that. He was very thoughtful and helped us prepare a program immediately following the tornado in Indiana, and I appreciate his cooperation, as well as that of the Small Business Administration in toto in this matter.

Mr. DAVIS. We are proud, Mr. Chairman, of the contribution Mr. Cowles has made over the years, and he is one of our, if not totally unsung, at least partially unsung heroes in this war against disaster.

Addressing myself first to your question, we are growing increasingly aware of the need for some well-armed and articulate spokesman to appear on the disaster scene as soon after the occurrence as humanly possible in the circumstances. Indeed, these are our requirements under the present administration of this program.

From time to time, because of pressures of other disasters which happen simultaneously, and because we are spread somewhat thin, we have the kind of situation develop to which you refer. But I hope and I am sure that my colleagues agree that we can do better in this matter, and we will combine our efforts to doing it.

One of the things about disasters and our contribution to the alleviation of disasters is the matter of timing, in this sense: That until some judgment is made as to the extent of individual damage and plans are laid for going forward with reconstruction, in one sense, there is nothing for us to do. I mean, in the sense that we can't process applications and accept applications, do the mechanics of this business, until people in the area have had a chance to sit down and see what happened, and make an evaluation as to their future plans.

Nevertheless, I think we would all agree with you, Mr. Chairman, that despite that inevitable hiatus in the activity, it would be useful if we appeared on the scene as early as humanly possible. We shall try to do that.

Senator BAYH. Fine.

Well, as I said to the Farmers Home Administration people yesterday, we all are so anxious to help in a time of disaster, but, be that as it may, I think it is better not to offer any help than to offer a glimmer of hope and assistance that in the fine print in the law is not available, because that, as you can imagine, raises the hopes of the individuals who hope to be recipients, and then—boom—we pull it out from under them. Well, it really wasn't there in the first place.

Please go right ahead, sir.

Mr. DAVIS. I have a prepared statement, Mr. Chairman, that I would like to read.

First, our Administrator, Mr. Foley, has asked me to convey to you and your colleagues his regret that a prior commitment prevented acceptance of your invitation to testify at these hearings today on S. 1861.

For myself, I am happy to have the privilege to appear before you, and give you the views of the Small Business Administration on this measure.

During the past year or so, we have come to realize, as perhaps never before, the crucial importance of establishing, and maintaining, on a ready basis, an effective Government mechanism for the assistance of disaster victims. Seldom in its history, if ever, has the Nation been struck so hard and so often by nature on the rampage. Between March 1, 1964, and May 24, 1965, the Small Business Administration had occasion to issue not less than 76 disaster declarations affecting 38 States.

Outstanding among these catastrophes, of course, was the earthquake in Alaska. In addition, various portions of the following States were afflicted by floods, tornadoes, hurricanes, extensive brush fires or other forms of physical disaster and, in my statement, Mr. Chairman, I have listed these particular 37 States:

Alabama, Arizona, Arkansas, California, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, and Wisconsin.

The results of such widespread devastation in terms of human suffering need no elaboration. In the vicarious sense, we all share in it. Today, for example, the sympathy of the entire Nation goes out to the people of eastern Colorado and parts of neighboring States undergoing the ordeal presented by flood conditions of havoc proportions.

Somewhat less poignant perhaps, but more measurable, is the property damage involved. In view of the history I have just related, it is not surprising that the Small Business Administration's disaster loan activity during the fiscal year now coming to a close is reaching far beyond previous levels. Through the end of May, the aggregate amount of loans approved during fiscal 1965 stood at \$77,744,000. The comparable figure for all of fiscal 1964, itself a record year, was \$55,748,000.

Since the incidence of disaster is unpredictable, we have no reliable means of estimating the volume of our disaster loan activities in the years ahead. But it has already soared beyond general expectations and, as we know from the experience of the past 2 years, it may rise still further. In view of this distinct possibility, it is not surprising that the merits of the program have come under close scrutiny. It is an appropriate time for a complete reevaluation of the disaster loan concept.

Such a reevaluation would serve the interests of the disaster victim, as well as those of the Government. A loan for the purpose of replacing or repairing his home or place of business is, of course, better than no help at all. But a loan, no matter how soft the terms, has to be repaid. It is a debt which adds to the burden of his existing obligations and in no way offsets the financial loss he has suffered.

Perhaps insurance will prove to be the only satisfactory answer. The Government should review its efforts to develop an effective system of insurance or other means of protection against financial loss from floods and other disasters not covered by private underwriters at reasonable rates. We are gratified that the Senate has enacted a bill (S. 408) authorizing the appropriation of funds for a study to be

conducted for this purpose by the Housing and Home Finance Administrator. It is our hope that the House of Representatives will take early and favorable action on the measure.

On the other hand, we must not underestimate the difficulties involved in establishing an adequate insurance system. It is by no means a certainty that the study will succeed in developing a workable plan. To the extent it should fail, the plan submitted by the Bureau of the Budget, covering losses arising from risks for which insurance is not available at reasonable rates, would come into play.

Under this plan, Federal grants would be employed to encourage the States to establish reimbursement programs for the benefit of homeowners and small businesses. The expectation is that, as the States step in, the need for the disaster loan program presently conducted by the Small Business Administration would be gradually lessened.

Since the Bureau has already presented the plan to the subcommittee, I will not dwell upon it here. Our agency is in favor of it. We look to the day when it may be possible for a disaster victim to obtain compensation for a substantial portion, perhaps as much as two-thirds, of his loss.

The prospect is that, on the average, the payments will leave the recipients in better financial position than they would have been under our disaster loan program. Another favorable consideration is that the risk factor, which often compels us to turn an applicant away, would be no barrier to such a payment.

The HHFA study, if the Congress passes S. 408, and the consideration about to be given to the reimbursement plan, will doubtless lead to a broader understanding of disaster problems and of the remedies available for them. In our opinion, until we have had the benefit of this thinking, we should, as far as possible, defer new legislation on the subject. To be sure, the present disaster loan program is going to be with us for some time to come and, where clear need is demonstrated, we should not hesitate to make improvements.

The Senate recently enacted a bill, S. 1796, introduced by Senator Proxmire. This bill would extend from 20 years to 30 years the maximum term of disaster loans made pursuant to section 7(b) of the Small Business Act. In addition, the measure proposes that special consideration be given to homeowners and small businessmen who obtain disaster loans to finance the replacement or repair of premises destroyed or damaged by a major disaster, as declared by the President, or by a natural disaster, as declared by the Secretary of Agriculture.

In order to prevent severe financial hardship to such a borrower, the Small Business Administration could consent to a suspension in the payment of principal and interest charges on, and to an extension in the maturity of, the loan for a period of not to exceed 5 years.

We favor S. 1796.

In many respects, the provisions of section 3(e) of S. 1861 resemble those of S. 1796. However, section 3(e) calls for a 40-year maximum term in the case of homeowners. To our knowledge, at least, there is no evidence to suggest that a term of such length is necessary in any case.

In its report on S. 1796, the Senate Committee on Banking and Currency appears to have reached the same conclusion (S. Rep. 177, 89th Cong., 1st sess.). We recommend a 30-year limitation and we want to

see it made available not only to homeowners, to whom the benefits of section 3(e) are limited, but to all borrowers.

Section 3(f) of S. 1861 proposes a change in the business loan program embodied in section 7(a) of the Small Business Act. The evident purpose is to assist small firms which, after obtaining a business loan, encounter difficulty in meeting their repayment schedules because of destruction or damage done to their premises by a major disaster. Under the terms of the bill, we would be expressly authorized, in such cases, to suspend payments and extend the term for a period not to exceed 5 years.

While we appreciate the expression of congressional desire in the matter, such authority would appear to be unnecessary. A business loan borrower who gets into serious difficulty, such as might arise from the impact of a disaster, is nearly always in danger of default if held to his obligation. In order to prevent resulting loss to the Government, we are authorized, under section 7(c) of the act, to extend the maturity of his note. In contrast to the bill, limiting such an extension to 5 years, we can permit as many as 10 additional years if necessary. As for suspension of payments, we have complete discretion to grant such relief in appropriate cases.

Summing it up, then, the Small Business Administration favors S. 1861 insofar as it overlaps S. 1796. It is our hope that the observations I have made here regarding these bills will be of assistance to the subcommittee in its evaluation of S. 1861.

This concludes the statement.

We are prepared now, Mr. Chairman, to answer any questions you may have.

Senator BAYH. Thank you very much, Mr. Davis. I appreciate your comments.

As you noted, there is a great deal of similarity in the provisions of the comprehensive bill dealing with the 10 different areas of need that we are considering here today with the bill which was introduced by Senator Proxmire and another dozen of us which was passed by the House yesterday, S. 1796.

It is reported that you would like to limit the loans to 30 years, as you testified before the other committee of the Senate. As I recall, at that particular time, the feeling of the Small Business Administration was instrumental in the determination by the committee to limit the terms of that to 30 years.

I might point out that we are trying to make whatever disaster relief is available consistent throughout, regardless of which Federal agencies are administering them, and we found that the Farmers Home Administration, yesterday, for example, had no objection to a 40-year term in administering loans of their program.

It would seem to me to be inconsistent that to have a similar type loan available to those who lived in one community or one geographic section of a community, for 40 years, while a small business loan which I understand is urban in nature, and this is the differentiation, would be limited to 30 years.

Would you care to talk to that point for just a moment, please?

Mr. DAVIS. I will be glad to, Mr. Chairman.

First, as you know, we have had occasion to reconsider our position insofar as the 30-year term is concerned, as it relates to business loans,

and we have concluded that a 30-year term for business loans would be appropriate.

Senator BAYH. Well, I can see a good reason for having different terms available for business loans and home loans. I think there is plenty of reason to feel that a business ought to pay out in 30 years if it is ever going to pay out, or 20 years, or whatever the term might be, and to have more stringent regulations on a business loan than on a home loan.

Excuse me. Go ahead.

Mr. DAVIS. Well, I would say that whereas there is some benefit, I am sure, in having consistency run throughout this concept of disaster loans and what to do in the event of disasters, our feeling, our opinions, Mr. Chairman, have been more moved by our analysis of the need for the extended term. I think it would be fair to say that we would be concerned if just a handful of people were adversely affected by the fact that our term was less than might otherwise be available.

But when you measure our experience against what our act offers in authority with respect to a term, we find that the case for an extended term is difficult to make.

For example, I am told by our experts here that the average term for our disaster loans, under the present provisions of our act—that is, a 20-year maximum—is around 12 years. Now, with this term of 12 years apparently serving the most of the case, it is pretty hard for us to argue that an extended term is required by our type of program.

Senator BAYH. Excuse me.

Is the 12 years confined to disaster loans, or does this encompass all types of Small Business Administration loans?

Mr. DAVIS. No. I am speaking, sir, of our disaster loans.

Senator BAYH. Completely disaster loans.

Mr. DAVIS. This is under the 20-year provision, with an additional 10 for orderly liquidation.

When we did a study based on our incomplete records—incomplete in the sense that they are not set up in such a way as to facilitate such a study—in connection with homes, we did conclude that in good judgment, we could recommend 30 years for home loans. Subsequently, we have taken another look at the total picture, that is, homes and businesses, and here again, we find that 30 years is a reasonable maximum term.

Senator BAYH. For businesses?

Mr. DAVIS. For businesses.

Senator BAYH. As well as for homes.

Mr. DAVIS. Under special circumstances.

I think we also concluded that by and large, based on our experience, we would not expect to go anywhere near the 30-year term in very many cases. Based on the judgment of what the borrower requires, not on any arbitrary feeling on our part that the term should be short.

Senator BAYH. Let me ask you, if I may, because of the misunderstanding that existed or that occurred as to who could qualify. For the record, I wish you would tell us under just what circumstances I, as a homeowner who has lost my dwelling, or seen seriously damaged, in what circumstances I would have to be and what qualifications I would have to meet to qualify for a Small Business Administration disaster loan.

Mr. DAVIS. I would be glad to.

Now we are talking about homeowners, as I understand it?

Senator BAYH. Yes, sir.

Mr. DAVIS. I will pass this one on to Mr. Cowles, if you will run down the list.

Mr. COWLES. Senator, we, of course, have a rather lenient program with respect to this particular situation. An individual who has suffered a damage in the disaster program is eligible to apply to us, and I would like to make it clear, because of your earlier statement, that we do not require them to go to the bank in this.

We are anxious to get them back where they were, so they don't have to go to the bank.

Now, the one thing that is required is that if they do have insurance, which I think was one of the big situations in Indiana; that insurance, of course, must be applied to repair the home first, and then any funds that are needed over and above that, we will supply.

Now, there is one situation. If the bank insists, or the mortgagee insists upon being paid off, then, of course, we will make a complete loan to the individual.

Now, the situation here is that if the individual's income exceeds their expenses, by an amount sufficient to repay the loan, that's all that's necessary. It is really just that simple. So that, anyone who suffered a loss because of a disaster which we have declared is eligible to apply to the Small Business Administration for a loan.

Senator BAYH. Do you have provisions so that one cannot qualify if a loan is available at similar rates and terms?

Mr. COWLES. No. We do not. The only situation there might be if the bank, of course, came in and said to us—we say this, that you are not required to go to a bank. However, if in the processing of the case we determined that funds are otherwise available on reasonable terms, then, of course, we could decline a loan for that particular purpose, so, fundamentally, what we are saying is if a bank said to us, "We will make a loan to this individual," then, yes; we would not make the loan to the individual.

Senator BAYH. Some of these rates in Indiana, I am not too proud to say, run as high as 8 percent.

Mr. COWLES. Well, in that particular situation, we would take this position, which I believe we have, is that we would expect the bank, if they were going to make the loan, and they had the loan before, to make the loan exactly on the same terms, without any unusual charges.

Now, if they insisted upon making a loan for greater amounts and higher interest rates, and so forth, we certainly would step in to make the loan to that individual.

Senator BAYH. One of our later witnesses this morning is Sheriff Woody Caton of Elkhart County, Ind., and certain portions of this county were devastated, as you know, and I am sure the total, as high as it was in Elkhart County would have been much higher if it hadn't been for the quick response to the need by Sheriff Caton. He went several days without any rest, as you well know. He will point out in his statement a specific example or two in which, as you know, a trailer park was swept away, almost in toto, and the appli-

cants, or one of the specific applicants to whom he refers was told that his credit status was too good for him to qualify for a 3 percent loan; and thus he was required to get a 6-percent loan, to rebuild his disaster-destroyed property.

Could you speak to that point a little?

Mr. COWLES. Well, I am sure that I would certainly take no exception that these things could happen. This is not our rules and regulations, definitely not, and whoever told them that was in error in making that particular statement.

Senator BAYH. I think it would be helpful for the record if you would explain for us the dollar limitation or lack thereof which characterizes the FHA program and the SBA program. For example, the FHA has a \$2,500 maximum in one particular area. The SBA does not have a maximum, does it?

Mr. COWLES. No. We have no dollar limitation. The limitation is determined by the amount of money it would take to put the individuals back where they were, physically.

Senator BAYH. Gentlemen, I don't think there is any need to hold you further. The statement of Mr. Davis is complete in pointing out that you wholeheartedly support—or at least you are willing to cooperate with us in our effort to get the cost-sharing provisions of the Budget Bureau's plan and work with this, which I think, in cooperation with the other authority we hope that you get will make a much more workable program.

So, let me thank you for your testimony, for taking the time to come up here this morning, and, also, once again, I would like to thank you for the efforts that you have made to help us in Indiana.

Mr. DAVIS. Thank you, Mr. Chairman. You have been very kind.

We will be delighted to furnish anything for your record, should something come up.

Senator BAYH. I notice that one of our colleagues, who has had a great deal of personal experience with this disaster problem, is with us. I would like to ask Senator Bartlett from Alaska if he would care to testify, and let us have the benefit of his thoughts. Certainly, he has had a firsthand view of what the forces of Mother Nature can do.

STATEMENT OF HON. E. L. BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

Senator BARTLETT. Thank you, Senator Bayh.

I am very pleased to have this opportunity.

Would you care to have me continue now?

Senator BAYH. Oh, yes; surely.

I will say, if I might, before you start, that I would like the record to show that we are indebted to Senator Bartlett for the effort that he and members of his staff have made in helping in this joint sponsorship, where we have about 30 Senators who are joining together in a comprehensive approach to revision of this overall disaster program.

I think it goes without saying that the contribution that the Senator's staff made, and he made, has been very helpful to us, because of their firsthand experience.

Senator BARTLETT. Thank you very much.

I am pleased to be here this morning to testify before you, because it is apparent by the events which have occurred that these national disasters are not casual, isolated, infrequent incidents, but they strike over widely separated geographic areas, and they have been doing so with extraordinary frequency in these last years, and especially these last months.

I have here, Mr. Chairman, and I hope a copy has been supplied to you, a prepared statement. I don't propose to read that. However, I should like to ask your permission to place it in the record.

Since it was prepared, there have been further disasters. There has been a recent disaster in Texas in which flash floods took a good many lives and caused enormous property damage. Then, too, headlines in the papers every day now tell us about the disastrous effects of floods in Colorado and adjacent States.

It becomes more and more apparent, I believe, that the Federal Government must take a larger and larger role in bringing relief in these situations, insofar as relief can be provided. There will also be, of course, loss of life. But there will also be large property loss. It is in this area that we can be helpful.

My experience in the Alaska situation was that the Federal agencies moved effectively, affirmatively, and with great speed. After the disastrous earthquake, and succession of seismic waves there, on March 27, 1964, Alaska would have been shattered, Alaska would have been crippled, Alaska would have been no one knows how long in recovering, if the Federal Government had not moved in in such a massive and helpful way. As a consequence of what the President ordered to be done there, his establishment of the Reconstruction Commission, a great number of Federal agencies were brought together to work as a unit.

I suppose it is always a little dangerous to try to single out a special department, special agencies, but I am bound to mention how helpful were the Office of Emergency Planning, the Corps of Engineers, the Small Business Administration, the Housing and Home Finance Agency, and all the others that joined together in this mighty effort.

But, as a consequence of what happened in Alaska, Mr. Chairman, the members of my staff and I gave increasing attention to this whole disaster program. It seemed to me that, when you introduced this bill which you are holding hearings on now on April 30th last, you moved forward in a very constructive way to further the role of the Federal Government in these situations, and to make these agencies even more effective than they could possibly be under existing legislation.

I think that this bill is needed. What is more, it is essential. Concomitantly, the Congress moved in another direction—at least the Senate did—when, in January, it passed S. 408, a bill authorizing the Housing and Home Finance Administration to make studies of how financial assistance might be provided to those suffering property losses in national disasters. S. 408 places emphasis on the possibility of developing an insurance program to cover earthquakes, to cover floods, and to cover other forms of national disaster.

A Federal disaster insurance program has been talked about for a long while. Even, on one occasion, the Congress passed a bill relating to flood insurance. It was never implemented, however. No appropriation was ever provided.

Working out a satisfactory Federal insurance program is a difficult subject, indeed. It is going to be mighty hard to work out a program of premium payments and the like. However, I don't think this is beyond the capacity of man, and I believe very strongly that a Federal insurance program is warranted and essential in the field of natural disasters not presently covered by insurance.

We know that in Alaska, there was practically no earthquake insurance; practically no help was forthcoming from that direction. I only know of one or two such policies which were in existence there.

Senator Bayh, S. 408 passed the Senate without any opposition at all. It is now before the House Banking and Currency Committee. That it is looked upon with some degree of favor there is indicated by the fact that the distinguished chairman of that committee introduced under his own name a like bill. We are hopeful that hearings will be held upon it in the near future, that it will be passed, and that this act will become law.

In the meantime, I think the record clearly shows that the provisions incorporated in your bill, Senator Bayh, are modest, are designed to be helpful, and should become effective at the earliest possible moment, by way of congressional passage and Presidential approval.

When I heard that you were to introduce it, I was more than happy to cosponsor it, because it seemed to me that the time for delay, the time for hoping that these disasters will never occur again, has long since passed. We have a heavy obligation upon us to move ahead, to make it easier, at least for those who suffered losses in these terrible disasters. We can't, no matter what we do, make their situation whole, but we can restore people who otherwise would be shattered financially to some semblance of well-being. This is an obligation that I think is national in character. It cannot be handled on a State or community basis.

Finally, Mr. Chairman, I would like to say in reference to the Alaska situation, I forgot to mention one agency that certainly was a great help. I probably have forgot others as well. But the one I would particularly like to mention here is the Bureau of Public Roads.

I should like your permission, Senator Bayh, to incorporate with my prepared statement the one I made on April 30 before the Senate, when I joined you as a cosponsor of the bill you are now considering.

Senator BAYH. We are very happy to include that also and will place both at the end of your oral testimony.

Senator BARTLETT. Thank you very much.

Senator BAYH. Might I ask a question or two?

Senator BARTLETT. Certainly.

Senator BAYH. You point out correctly that, no matter what type of legislation we have, we are not going to inhibit disasters, and we are not ever going to completely restore anyone.

Because of the seriousness of the tragedies involved, and the size of the loss, we are never really going to make a person as well off as he was before. We are trying to find some type of equitable relief to help them get back on their feet.

I think you are also correct in pointing out that we need to go to the basic bill to have a basic revision of the overall disaster law so that when a disaster strikes, we don't want to have to go through what you did in Alaska, have to wait until the bill, itself, is enacted by

Congress. Even as tragic as the case was in Alaska, it took some time, as it did for the Northwestern disaster bill that just passed in this last week or two.

Senator BARTLETT. Signed last week.

Senator BAYH. Yes. It had to go through twice, because of one particular section, as you know. We don't want to do this. We want to get something that will apply to everyone across the country.

Now, the Alaska bill contained something unique in disaster legislation, the special provisions which provide for Federal loan adjustment. Would you care to give us your thoughts as to how these worked out in Alaska?

Senator BARTLETT. Well, it worked out, on the whole, extraordinarily well. The Farmers Home Administration, the Veterans' Administration, but most particularly the Small Business Administration, moved in and by order of Administrator Foley promulgated the most liberal regime attainable under the law: 30-year loans, interest rates on the order of 3 percent, deferment of principal payments for a period so that the people could, insofar as possible, get on their feet. And these loans have flowed out; already in a volume of far more than \$50 million.

Had not this money been available, I don't know what would have happened up there, because referring to that which you said concerning the need for a basic law, the plain fact of the matter is, Mr. Chairman, that these disasters have been occurring, as I stated at the outset, very frequently. As has been said, the tears dry rather quickly. People feel awfully sorry, the people of the Nation, for residents of a given community, or a given State, when they are hard hit. But other events transpire, and the people's attentions are diverted elsewhere. There isn't the same sentimental desire, by and by, to do the things that need to be done. There isn't the pressure of public opinion which would force the Government, in all its phases, to move to help. That is one reason why I think that your bill is so desirable. It will provide for a liberalized program to cover all such situations throughout the Nation. There won't be this need to come to Congress again for separate legislation in trying to take care of each new disaster, as has been the case up to now—and is still the case. We don't have to have an Alaska bill. We won't have to have a Pacific Northwest bill, and all the rest of them. Instead, general provisions will be written into the statute books.

Senator BAYH. May I get your thoughts on one last question? I know you are extremely busy.

Having discussed this matter for the past several weeks with the Bureau of the Budget, I know they and the President are well aware of the need to revise our disaster statute. They share my concern, and I am sure yours, about the fact that when a person has a long-term loan on his house, and the house is blown away, that that doesn't take the mortgage away. The mortgage is there, and for this person to take another loan on top of his first one is almost an impossible situation, so there has been a great deal of consideration given to some type of financing for this type of individual.

Presently, the thinking has progressed to the point that the Bureau of the Budget is recommending an establishment of a joint fund, from which outright grants can be made to individuals, on a cost-sharing

basis, where the Federal Government, the State government, and the individual involved each would bear part of cost.

To my knowledge, we have not arrived at a specific formula, but the philosophy behind this is that it is good, really, for all levels of government recognize a responsibility to help in situations like this. Also, we don't want to take away all the incentive from the individual property owner to take what steps are available to protect himself from loss.

Now, this makes good sense to me, with one reservation. All of our States are not equally able to pay contributing shares. I wonder what you think, first of all, of the principle, the establishment of such a fund, and, secondly, what you would think of, perhaps, adjusting the States' contributions thereto on the basis of the income, the valuation, and some of the various economic factors we have that judge our States according to wealth. This would, it seems to me, be particularly applicable to Alaska, because of the large percentage of Federal lands that we have in Alaska.

Senator BARTLETT. Well, of course, replying to your last question first, I think there is very considerable merit to this approach. It has been used elsewhere in matters unrelated to disaster used, as a matter of fact, in income tax principles to a considerable extent.

I think the joint fund has merit. I hadn't heard about it before. I would want to consider it. But, offhand, I would say that something of this kind is justified.

I would add that if the bill to which I previously alluded, S. 408, becomes law, and if the Housing and Home Finance Agency is able—and who knows whether they will be or not, I don't—to come up with a reasonable insurance program, that might to a certain extent supersede the need for this joint fund arrangement.

I realize it is going to be a terribly complicated and complex matter to arrive at an equitable insurance program. There are some complexities regarding different homeowners, for example. This became very clear in Alaska.

Let us say a man had a \$25,000 home, and he owned \$15,000 on that, and \$10,000 had been paid, and the home went over the bluff at the time of the earthquake. Well, it has been the general experience, I believe, that if that man is given a 3-percent Small Business Administration disaster loan to rebuild elsewhere, actually, he isn't hurt as badly as one might infer at first glance. This is because the difference between the interest rates which existed and the Small Business Administration is so considerable that he ends up paying the same or less in monthly payments. Though, of course, he has double principal to pay.

Then what do you do with the man who had a \$25,000 house next door, who, through greater prudence or greater possession of money, or whatever the factors might be, had paid off his mortgage, and didn't owe anything on his house? Well, too often, there, at least, he has been without help of any kind.

I mention those situations only to seek to demonstrate that this is a very complex matter. It has to be studied, as I know it will be, with exceeding care.

Senator BAYH. One of the important things, and difficult things, as you point out, is to try to provide this type of assistance in a man-

ner that would be equitable, and not deter an individual from the prudence and the initiative which is so representative of most of the people in the country. We appreciate very much your taking the time to come here and contribute to the record, and let us have the benefit of your experience in Alaska.

Thank you very much, Senator Bartlett.

Senator BARTLETT. You are very kind to hear me. Thank you.

(The prepared statement of Senator Bartlett and his remarks in the Senate on April 30 are as follows:)

PREPARED STATEMENT OF SENATOR E. L. BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

Mr. Chairman, I have asked to appear before this subcommittee today both because I am a cosponsor of the legislation which you are considering and because I feel that I have an obligation to share with you my experience in working with existing Federal statutes.

On March 27, 1964, not quite 15 months ago, my State of Alaska experienced what, up to that time, was one of the most devastating catastrophes ever to strike a State of the Union.

Yet, since that time, there has been three major disasters, each of which has caused more property damage than the Alaska earthquake. Each of these events, two floods, and a series of tornadoes, occurred in a multistate area—the Pacific Northwest floods of December and January, the Upper Plains area flooding and the Indiana, Michigan, Illinois, and Ohio tornadoes of late April.

The Alaska earthquake, the Pacific Northwest floods and the Midwest floods and tornadoes have given the Senate significant experience in working with Public Law 81-875, the National Disaster Act. Those of us who have worked with it know what an effective instrument the act is in dealing with many aspects of a natural disaster. Under its terms, a presidential determination that a "natural disaster" has occurred immediately brings into play the President's Office of Emergency Planning. Through the OEP, the President can order any agency of the Federal Government to lend, donate, lease or sell equipment, supplies, facilities, personnel and other resources to State and local governments in a disaster-stricken area. In addition, provision is made for assistance in restoring public facilities, clearing debris, and providing emergency housing.

Public Law 81-875 also provides for the immediate reconstruction or restoration of all Federal facilities damaged or destroyed in any major disaster. The cost of the work can be paid from "any available funds not otherwise immediately required." Provision is also made for the President to devote to disaster relief any funds which he has available. Broad authority is granted all Federal agencies to acquire, rent or contract for equipment, services, supplies, travel, communication and administrative assistance required in the emergency without regard to the civil service laws.

All of these activities are administered by the President through the extraordinary efficiency of the Office of Emergency Planning, and are supplemented by the work of a multitude of other Federal agencies. The full range of Federal services available to a community in a natural disaster is outlined in a publication entitled "Federal Disaster Relief Manual," produced under the supervision of the Subcommittee on Reorganization and International Organizations of the Senate Committee on Government Operations.

However, Mr. Chairman, Public Law 81-875 is defective in many areas, as those of us who have attempted to stretch its language well known. As a result, the Alaska congressional delegation, the California-Oregon-Washington-Idaho delegations, and the delegations from the flood and tornado stricken States of the Midwest have had to introduce special legislation to handle disaster-created problems, the solutions to which were clear though requiring special legislative authority. Of special note are the Federal loan adjustment provisions of the Alaska, the Pacific Northwest and the proposed Midwest relief bills. Other recent disaster relief proposals have provided long-term, low-interest refinancing of outstanding mortgage obligations.

In each case there were certain geographical peculiarities and special needs that required individual consideration by the Congress. It is obvious that, as new disasters inevitably strike across the country in the years to come, special legislation will continue to be required to handle local situations.

However, many of the disaster-related problems which had to be treated through special legislation could be handled more quickly and efficiently if Public Law 81-875 were amended by the bill under consideration today. Were Public Law 81-875 so amended, members of congressional delegations from disaster-stricken areas could concentrate on legislation of limited scope treating special peculiarities of the affected regions rather than with having to concern themselves with special, one-time amendments to Farmers Home Administration legislation, Rural Electrification Administration legislation, Housing and Home Finance Agency legislation, Veterans' Administration legislation, Small Business Administration legislation, and Federal Housing Agency legislation.

Such a development would make it easier for the elected representatives of disaster-stricken communities to define for their colleagues the peculiar local problems which required special legislation. This work of explanation and definition would be uncomplicated by the need to explain proposed amendments of a more general scope. Suspicions would be allayed. Fears concerning inequitable application of general legislation would be quieted.

But, most of all, Mr. Chairman, passage of S. 1861 by the Congress would make more efficient the administration of Public Law 81-875 by the Office of Emergency Planning and the great number of other Federal and State agencies which inevitably become involved in handling the problems created by any major natural disaster.

Is this not what we seek, Mr. Chairman? Are we not after a more effective response to natural disaster? Relief through Federal and State agencies, even if it involves vast amounts of money and large numbers of people, is of decreased value if it arrives after a disaster-stricken people have been forced to work out what solutions they can under existing law. What good does a 30-year, 3-percent refinancing do a man who, because of the press of his creditors, has had to go into bankruptcy and surrender to the trustee in bankruptcy all but a few hundred dollars of his personal belongings and the tools of his trade? For him relief is too late no matter how liberal the terms. As in the case of justice, disaster relief delayed is quite often relief denied.

Finally, let me say that I have been hopeful all this spring that we here in Congress who are interested in improving Public Law 81-875 would have recommendations from the President as to what he and his Office of Emergency Planning believe to be necessary on that score. So far, these recommendations have not been forthcoming. Perhaps this is, in part, due to the time which the OEP has had to spend in handling the more immediate problems presented by the Pacific coast floods, the mid-west floods and tornadoes, and the most recent Colorado floods. In any event I am sure that this subcommittee has sought the thoughts of the Office of Emergency Planning on the provisions of the proposed legislation. Knowing as I do the fine people at OEP I am certain that their comments will be informative to the subcommittee members.

About a year ago this time, Mr. Chairman, the Senate Committee on Public Works was hard at work on proposals for solving the problems created by the Alaska earthquake. I am happy to have had the opportunity today to be of what assistance I could in assisting this subcommittee in its consideration of legislation which, in future disasters, would make unnecessary the wasteful duplication of effort which now is necessary on the part of the congressional delegations of disaster-stricken areas.

I urge its approval by this subcommittee and urge the Committee on Public Works to recommend passage to the full body of the Senate. There as here it will have my enthusiastic support. Thank you.

[From the Congressional Record, Apr. 30, 1965]

MIDDLE WEST FLOODS AND PACIFIC NORTHWEST QUAKE ONCE AGAIN DEMONSTRATE THE NEED FOR FEDERAL DISASTER LEGISLATION

Mr. BARTLETT. Mr. President, I have recently returned from my State of Alaska. There I found the most profound sympathy for the plight of the people of the Middle Western States currently being victimized by massive Mississippi River system flooding.

The people of my State are familiar with natural disasters. Floods and earthquakes have long been phenomena with which Alaskans have had to live.

As in the case of the west coast floods of December and January last, this most recent news together with news of a severe earth tremor in the Pacific Northwest demonstrates the urgent need for some more comprehensive national

disaster legislation. Once again, as happened in the case of Alaska last spring and in the case of California, Oregon, Washington, and Idaho this last winter, Senators and Congressmen from the affected disaster-stricken areas have had to put together emergency legislation and press it through the congressional gristmills. It is inevitable that such hastily drafted legislation will be found to have both technical and practical defects.

On March 18, I addressed the Senate on the subject of the lessons learned from the great Alaska earthquake. I pointed out that the Federal Reconstruction and Development Planning Commission for Alaska, headed by the distinguished senior Senator from New Mexico, Mr. Anderson, had, at the conclusion of its work, made certain recommendations for improvement of the ability of the Federal Government to respond to disaster.

These included, among others, recommendations for revision of Public Law 81-875, the Federal Disaster Act. In my remarks on March 18, I reported that a three-part study by the Office of Emergency Planning of ways in which the Public Law 81-875 could be improved was currently going on. And I told the Senate that my contacts with the Office of Emergency Planning indicated that the Senate could, in the relatively near future expect some recommendations from the President for improvements.

Now we have another disaster which, without the promised improvements in Public Law 81-875 and the much-needed review of related statutes, must once again be handled by special legislation. In the same week that the Senate passed S. 327, the omnibus disaster bill dealing with winter floods in Oregon, Washington, California, and Idaho, the junior Senator from Minnesota [Mr. Mondale] for himself and the senior Senator from Minnesota [Mr. McCarthy] introduced an omnibus disaster bill (S. 1793) to cover the current flood disaster in the upper Midwest. The following day the senior Senator from Wisconsin [Mr. Proxmire] for himself and the Senator from Indiana [Mr. Hartke], the Senator from Minnesota [Mr. Mondale], the Senator from Iowa [Mr. Miller], the Senator from Wisconsin [Mr. Nelson], and the Senator from Missouri [Mr. Long], introduced a bill (S. 1795) to provide special disaster relief to certain persons covered by the Consolidated Farmers Home Administration Act of 1961. Immediately thereafter, for himself and the Senator from Illinois [Mr. Douglas], the Senator from Indiana [Mr. Hartke], the Senator from Minnesota [Mr. Mondale], the Senator from Missouri [Mr. Long], and the Senator from Minnesota [Mr. McCarthy], the Senator from Wisconsin [Mr. Proxmire] introduced legislation—S. 1796—to amend the Small Business Act so as to provide additional assistance for disaster victims.

Not being unfamiliar with existing Federal disaster legislation, Mr. President, I understand with some intimacy the problems for which my colleagues are now trying to find solutions. I support their legislative proposals with enthusiasm for I know how absolutely necessary Federal assistance is to the victims of major natural disasters. As in the case of the Alaska omnibus bill—S. 2881—of last spring, Mr. President, and as in the case of the west coast disaster bill of this year—S. 327—these legislative proposals must be passed by the Congress in order that thousands of individual disaster victims and scores of flooded communities may be assisted in their efforts to rebuild and redevelop.

At the same time, Mr. President, I again point out that such stopgap legislation, however necessary at the time, only demonstrates the need for major amendments to existing Federal legislation.

More than just a revision of Public Law 81-875 is necessary. Amendments are needed to Farmers Home Administration legislation, Rural Electrification Administration legislation, Housing and Home Finance Administration legislation, Veterans' Administration legislation, the Small Business Act, Federal Housing Administration legislation, Department of Agriculture legislation, Federal aid highways legislation, and civil defense legislation.

For this reason I have joined with other Senators in sponsoring the proposal of the junior Senator from Indiana [Mr. Bayh] for legislation in all of these areas.

As Senator Bayh's proposals are considered by the Congress, let us hope that we will have the comments of the affected executive agencies in order that we may have the benefit of their experience in administering existing natural disaster legislation. I know that the sponsors of S. 1861 will welcome suggestions for altering their proposals.

The liberal terms of the Alaska earthquake and the west coast flood disaster legislation have twice been approved by this body. Most of their terms appear

in the pending Midwest flood disaster legislation. The experience of those who have drafted these stopgap measures have been utilized by those who drafted the bill.

This great Nation can no longer afford to wait until disaster strikes before granting to executive agencies authority to deal with the multitude of problems which every natural disaster presents. They must have authority on a continuing basis. This bill will grant them on a permanent basis what we have so often given them on a temporary, limited basis.

Senator BAYH. Our next witness is Rex Whitton of the Bureau of Public Roads. I would like to ask Mr. Whitton's patience for just one more moment.

I have another committee that is going to convene shortly, and I would like to call the chairman and see what the situation is, if we could just stand in recess for about 3 minutes, and beg your indulgence. I will be right back.

(Off the record.)

Senator BAYH. Now, Mr. Whitton; we are fortunate in having you with us, sir. You have had firsthand experience with so many of these disasters of all sizes, shapes, and descriptions and locations.

One of the fortunate things, perhaps one of the few fortunate things about the Indiana disaster, was that it didn't have much effect on highways. However, as you know, in the past we have not been so fortunate, and at this particular moment, certain parts of our country are being very severely affected by highway damage.

Senator Allott appeared before the committee yesterday with some photographs showing what is happening out in Colorado, where whole sections of highways are being washed away.

We are anxious to have your thoughts on ways that we can strengthen the disaster provisions of our laws which affect directly the area where you spend so many tireless hours working.

STATEMENT OF REX M. WHITTON, ADMINISTRATOR, FEDERAL BUREAU OF PUBLIC ROADS; ACCOMPANIED BY FRANK TURNER, CHIEF ENGINEER, AND CHARLES HOLLIS, COUNSEL

Mr. WHITTON. Thank you, Senator.

I am happy to have the opportunity again to appear before your committee, and may I introduce Frank Turner, our Chief Engineer of the Bureau of Public Roads, and Charles Hollis, one of our attorneys.

I am here this morning, if I may, to read a short statement, and present the comments of the Bureau of Public Roads and the Department of Commerce on Senate bill 1861, a bill to provide assistance to areas suffering a major disaster.

During recent months, various sections of our Nation have experienced serious losses of both life and property because of natural disasters such as earthquakes, tidal waves, floods, hurricanes, and tornadoes.

Sections 120 and 125 of title 23, United States Code, presently govern the use of Federal-aid highway funds for the repair and reconstruction of highways, roads and trails which have suffered serious damage as a result of a major disaster.

The Federal share of the cost of repairs to all Federal-aid systems, as specified by subsection 120(f), is normally 50 percent. Public Law

88-658, which was enacted last year, amended this section to provide that the basic 50 percent be increased by a percent equal to the percentage which the area of certain nontaxable Indian and public domain lands, exclusive of national forests and national parks and monuments, is of the total land area of the State where such lands exceed 5 percent of the State's total area.

Hence, the Federal share on emergency projects is now subject to the same sliding scale as is applicable to projects financed with primary, secondary, and urban funds. Presently, 13 States qualify for such additional Federal cost sharing, the total percent for each varying, with Alaska having the highest—95.02 percent.

Subsections 120(f) and 125(c) provide that the Federal share may amount to 100 percent of the cost of emergency repairs to forest highways, a program which is administered by the Department of Commerce and that the cost of these repairs may be financed from the highway trust fund.

Existing law also authorizes the emergency repair of forest development roads and trails, administered by the Department of Agriculture, and park roads and trails and Indian reservation roads, administered by the Department of the Interior. Such repairs are eligible for 100-percent financing out of the highway trust fund, under the authority of subsection 125(c) or out of regular road program appropriations available to the Departments of Agriculture and Interior.

Subsection 11(a) of S. 1861 which this committee is considering this morning would amend subsection 120(f) of title 23, by increasing the Federal share payable to 100 percent on account of the repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President. Otherwise, the existing law would continue to apply.

Though we recognize that natural disasters impose a substantial burden upon all affected, we believe that the sharing arrangement established by Public Law 88-658 is an equitable one and should be continued. Accordingly, we recommend against enactment of section 11(a).

Section 2 of S. 2089 which became law on June 17, 1965, authorized appropriations out of the general fund of the Treasury of \$50 million for the current fiscal year and \$20 million for fiscal year 1966 for reconstruction of highways damaged by natural disasters.

These authorizations are in addition to the existing \$30 million annual authorizations in section 125 of title 23. Therefore, we believe that the purpose of section 11(b) of S. 1861 has already been accomplished insofar as fiscal years 1965 and 1966 are concerned. Accordingly, we recommend that subsection 11(b) be amended to provide an authorization of \$50 million for the fiscal year 1967 and each succeeding fiscal year.

Mr. Chairman, I have appreciated the opportunity to discuss this important matter before this committee and will endeavor to answer your questions to the best of our ability.

Senator BAYH. Thank you very much, Mr. Whitton.

I appreciate your recommendations concerning fiscal 1967.

The fact that you were not in favor of the 100-percent formula did not come as a complete surprise.

I will say that we appreciate very much the assistance that some of your assistants have given us in our consideration of the disaster program, to bring us up to date on what is available.

As you point out, there are 13 States which got special treatment, different treatment from others in the administration of disaster relief. Our thinking behind the 100-percent formula is, at a time of disaster, such as the floods we are having now out in Colorado and Kansas, that all road systems are going to be destroyed or damaged—Federal, State, local, city streets, in towns, farm-to-market roads. They are all going to be subject to considerable inundation and destruction.

In cases like this, the revenue of the State and the local communities is going to be severely taxed to repair those roads and highway systems for which they have the sole responsibility, thus making it even more difficult to meet the matching requirements which are imposed under the present disaster program.

Basically, even if 100 percent of the funds was provided for replacement by the Federal Government, we would still have a contributing program as far as the total rehabilitation of the highway system in a given area is concerned.

I know that you are concerned, and the chairman of this committee is concerned, and the chairman of this subcommittee is concerned, about the depletion of highway funds in utilization for repair, vis-a-vis construction. This is the reason we established the \$50 million fund. If we could increase the size of this fund, if we could, instead of having the \$30 million come from the highway fund, this from the general fund, would the Bureau's position be different?

What we are after is total replacement of roads, and, as you know, to some who live in rural areas, getting from the farm to the market is as important as getting from one large metropolitan area to another; access to a city road or a street, a town, is oftentimes as important as a Federal highway to the individual involved.

Mr. WHITTON. Well, Mr. Chairman, I will have to speak personally, now, if I may.

Senator BAYH. Please.

Mr. WHITTON. A change of that nature would certainly remove one of the problems that we have in the protection of the trust fund. The trust fund is, you know, presently too small to complete the contemplated interstate system on time, unless we, of course, get some help from the Congress this year to handle the additional cost of the interstate system. And, for that reason, I feel that we have to guard the expenditures that are being taken from the trust fund.

Then, of course, I have another thought in the matter that I will express, and this is again personal:

When the roads are built, the State highways that are built out of the trust fund, each State agrees to maintain that road, and, of course, these disasters involve extensive damage, I know that; but they are a form of maintenance, in a way, extraordinary maintenance, and as a former State highway official—as you know, I worked in Missouri a good long time—we were very happy to get the help up to the 50 percent in the replacement of these damaged roads.

Now, I, too, know that the State officials would be happy to get a 100 percent, but I feel, in my present position, that the present sliding

scale is a reasonable help to the State highway departments, in these disaster periods.

Senator BAYH. If we could provide for the \$30 million which now comes under some authorizations of section 125 of title 23, that this would relieve your program even with the matching provisions at present.

Mr. WHITTON. Well, of course, Senator, that would relieve some of our objections. I can't say that it would totally overcome them.

Senator BAYH. I understand your position, but this would relieve, at least, the \$30 million burden, annually, to the trust fund.

Mr. WHITTON. To the trust fund. Yes, sir.

Senator BAYH. Would it be possible, inasmuch as—while I am aware of the contract with the State for maintenance of the highway, we could have some sort of a valuation made. You keep a pretty good running scale, don't you, of the conditions of the road, so that you would know whether one was close to great need of repair?

Mr. WHITTON. Normal repair, you mean?

Senator BAYH. Yes. One might have just been constructed, and the other one could have been in the need of almost complete renovation.

Mr. WHITTON. Well, we, of course, make routine maintenance inspections. By "we," I mean our engineers, our bureau of public roads engineers in the States, so we do have an understanding of the condition of the various roads, that are about worn out, from obsolescence or other causes, and are in need of rebuilding, as well as those that have just been constructed. Yes. We do have that.

Senator BAYH. In other words, I wouldn't want to relieve the State of this responsibility, if, through negligence, the road was poorly maintained, and this added to the possibility of destruction and damage.

Mr. WHITTON. Well, Senator, if the roads you have in mind, or the typical road you have in mind was on the Federal-aid system, and it becomes poorly maintained, I mean real badly maintained, then it is our responsibility to do something about it. By "our," I mean the bureau of public roads. We can require the State to put that road into satisfactory form of maintenance.

Senator BAYH. One major cost, of course, in a disaster, particularly flooding, is replacement of bridges.

Mr. WHITTON. Yes, sir.

Senator BAYH. Now, I am correct, am I not, that that is a pretty sizable investment?

Mr. WHITTON. Yes, sir.

Senator BAYH. Compared to a washout or other types of highway damage caused by flood.

Mr. WHITTON. Yes, sir.

Mr. Turner and I have both been to Oregon and Washington and California and seen the ravages of the floods there, and Mr. Turner has been in the Mississippi Valley, Minnesota, and down at St. Louis, and seen those ravages, so we are well aware of the tremendous damage that can be done by flood, and our people are now out in Colorado and Kansas, evaluating and inspecting the damages caused by those floods. We are working with the State engineers. I am sure they have

been out for several days. As fast as the flood goes down, they have been out to see what the damages are.

Senator BAYH. It seems to me this even enhances the position for providing additional relief for States. If you are going to lose a bridge, this is going to be a considerable burden on the ability to pay. This is a 50-50 matching different from a few hundred yards of highway.

Mr. WHITTON. Yes. It is, Senator, but then the State's ability to match and the Government's ability to match is the question at hand, that certainly you are more able to decide than I.

Senator BAYH. Well, may I pursue this \$30 million disaster appropriation or expenditure that is provided annually from the highway trust fund?

How was this originally established? Why was this established as part of the trust fund, rather than as a general fund appropriation as is normally the case when we have a big disaster?

Mr. WHITTON. Senator, I am unable to answer that, because I don't know. May I ask Mr. Turner if he knows?

Senator BAYH. Yes.

Mr. TURNER. Mr. Chairman, the Federal-aid highway legislation has contained a provision for inclusion of a revolving fund for disaster relief for a good many years—quite a few years, in fact, before the establishment of the highway trust fund—and I believe that this provision came into our legislation as general legislation back in the mid 1940's, for example. Then it was renewed in 1950, and at that time, was set at \$50 million, I believe. In 1956, the figure was raised to \$30 million, and, of course, that was the date in which the trust fund, as we know it, was established.

The legislation provided in the establishment of the trust fund that it would be available for financing those items of highway expenditure which had normally been carried in Federal-aid highway budget in preceding years. We had included, as a regular budget item, provision for the flood-damaged roads in our regular Federal aid to highway budget, and for that reason, it has since been included as an item to be paid out of the trust fund.

Senator BAYH. Where is this money derived, please?

Mr. TURNER. The trust fund revenues?

Senator BAYH. Yes; and the previous budget allocations. What sort of revenue was this?

Mr. TURNER. Previous to 1956, of course, when there was no trust fund, all of the appropriations for the highway program came out of the general fund, just as all others did.

Senator BAYH. And now it comes out of the trust fund which is supplied by what source of revenue?

Mr. TURNER. Largely by the highway users, principally by the Federal gasoline tax.

Senator BAYH. I just wanted to record to show the derivation of the funds. There is a relationship there between the disaster, maintenance, and all of this coming out of the same fund. But, nevertheless, for other disaster losses, and other areas, we are appropriating out of the general fund, and with the extreme burden that we presently find on the trust fund, it would seem to me that it would make good sense to relieve this by finding other sources, the same source from

whence other disaster appropriations come, to provide for disaster loss to highways.

I don't know whether you gentlemen care to comment further on this particular point or not.

Thank you very much.

MR. WHITTON. Mr. Chairman, I might say that maintenance operations do not come out of the Federal money. Maintenance operations of the highway are paid for fully, completely, by the State.

SENATOR BAYH. Yes; I understand. Fine.

MR. WHITTON. Thank you, Mr. Chairman.

SENATOR BAYH. Thank you very much, gentlemen, for your presentation and for your thoughtful discussion.

I would like to introduce in the record at this time, if I might, a letter from the distinguished Senator from Michigan who is a cosponsor of this measure which we are studying, Senator Hart. Mr. Hart and his staff have been extremely helpful in the joint efforts which resulted in the drafting and ultimate introduction of the bill.

(The letter referred to follows:)

U.S. SENATE,
Washington, D.C., June 22, 1965.

HON. BIRCH BAYH,
Subcommittee on Flood Control, Rivers, and Harbors,
Senate Public Works Committee,
Washington, D.C.

DEAR SENATOR BAYH: As one of the cosponsors of S. 1861, the Disaster Relief Act of 1965, I want to take this opportunity to reiterate my support for the bill and my hope that it will receive early action.

As those of us know, who represent the areas hit by the April tornado and similar disasters, the present Federal legislation is deficient in many respects. We lack tools with which to help the affected human beings to get back on their feet. You and your staff have done a thorough workmanlike job in drafting a bill to help these needs.

While the hearings will undoubtedly provide suggestions for minor revision, the basic ideas are certainly in the right direction and I am sure that Committee Chairman McNamara will see that it is given early consideration.

Sincerely,

PHIL HART.

SENATOR BAYH. Our next witness this morning is Mr. Victor Fischer, the Assistant Administrator for Metropolitan Development of the Housing and Home Finance Agency.

Mr. Fischer, you are accompanied by Mr. Bryant and Mr. Mowatt?

MR. FISCHER. Yes.

STATEMENT OF VICTOR FISCHER, ASSISTANT ADMINISTRATOR, METROPOLITAN DEVELOPMENT, HOUSING AND HOME FINANCE AGENCY; ACCOMPANIED BY RICHARD H. BRYANT, OFFICE OF THE GENERAL COUNSEL, HHFA; AND FREDERICK W. MOWATT, DEPUTY ASSOCIATE GENERAL COUNSEL, FEDERAL HOUSING ADMINISTRATION

MR. FISCHER. Mr. Chairman, I am appearing here in behalf of Housing and Home Finance Agency Administrator Robert Weaver, who is unfortunately not able to be present today. I would like to present our views on S. 1861, the disaster relief bill of 1965. I hope that my experience as the Agency's representative in Alaska and co-

ordinator of our activities in connection with the Alaska earthquake may be of some value in discussing provisions of the proposed legislation.

As it is in most disaster situations, HHFA was very substantially involved in assisting the painful process of recovery from the earthquake. Many HHFA programs may become involved in such disaster relief. They may include, in varying degrees, depending on nature and extent of the disaster, programs of assistance to urban renewal, public housing, essential public facilities, and urban planning. They may also include numerous programs for private sales and rental housing, although none of these are so specifically designed to assist in restoration or replacement of disaster damaged homes as is the emergency loan program of the Small Business Administration.

Mr. Chairman, I would like to submit for the record the HHFA report on S. 1861.¹ This sets forth our detailed comments on the various portions of the bill which relate to Agency programs and responsibilities.

Perhaps it would be most helpful if I summarized our position on the various sections of the bill, and then attempted to answer any questions that you may have.

The first section of pertinence to us is section 3(c), which deals with Federal loan adjustment. This section would authorize the HHFA Administrator to refinance notes and other obligations held by him. HHFA loans to which this provision would apply include public facility loans, loans for housing for the elderly or handicapped, college housing loans, and rehabilitation loans under the 1964 Housing Act.

There already exists some authority to modify various terms of loans under these programs, but, in general, such authority is subject to special limitations in the various statutes. Although section 3(c) of the bill would, in many cases not substantially increase the present authority, we would in general favor its enactment; particularly the 5-year loan extension authority would be useful in some cases.

It would be desirable, however, to amend the language in the provision which now permits consideration only of damage to property or facilities securing the loan obligation. Loan adjustments may well also be necessary because of other destruction in the community. For example, a sewer or water facility may itself have suffered minor damage, but damage to the community may have substantially impaired its loan-repayment ability.

Senator BAYH. May I thank you very much for that specific statement, inasmuch as we had a running colloquy yesterday with two or three of the agencies, and I am glad to see that, unsolicited, you are of the opinion that this is necessary.

In the case that you mentioned, the specific case in our unfortunate disaster in Indiana, where we lost a third of a town, this was going to have a direct bearing on the ability of the water and sewage and school bonds; assessed valuation of the property, of course, is going to determine their ability to pay teachers, so I am glad you brought this out.

¹ The report referred to appears on p. 16.

Mr. FISCHER. Right. Our experience in Alaska was that the paying ability of a number of communities was so seriously affected by the earthquake disaster that the ability to suspend payments was extremely important to the cities and school districts affected.

The next section that is of concern to us is section 4, dealing with refinancing of outstanding mortgage obligations. This section would establish a new 75 percent Federal, 25 percent State grant program to provide funds for refinancing home mortgages or other property liens. Only those liens would be eligible which are not federally insured or guarantee and which are secured by one- to four-family homes severely damaged or destroyed by a major disaster. The fund would be used in accordance with plans submitted by the States and approved by the President.

This section resembles in many respects the grant authority enacted as part of the emergency 1964 Alaska legislation, under which the President assigned to HHFA responsibility to carry out the mortgage relief program.

However, the Alaska legislation authorized grants, rather than loans, for retirement of or adjustment of home mortgages and other obligations, while this section refers only to the provision of loans for the proposed refinancing. We feel loans are of limited purpose in situations involving substantial disaster damage. This was the basis of the Alaska legislation. As with communities, individuals were similarly unable to carry payments on refinancing of destroyed homes, and, in addition, to finance new construction.

We understand the Budget Bureau has submitted to your committee a substitute provision to establish permanent legislation designed more fully to meet this problem. We, therefore, would prefer at this time not to provide any technical comments on this particular section.

Senator BAYH. Did you find that the grant program worked successfully?

What we are trying to do, of course, as you know, is to try to get a narrow line on one side of which we help to restore the individual, to maintain his incentive to get back on his feet. On the other hand, before the fact, we don't establish a program which is a deterrent to normal accepted good business practice and sound management.

Did you find that this worked well?

Mr. FISCHER. Unfortunately, we are dealing with a novel situation, and the program was evolved under a lot of very difficult circumstances and serious limitations. As of now, the program has not been fully put into effect. The State got geared up and developed a State plan as required under the legislation. This was submitted to the HHFA Administrator and, after some negotiations, was approved. The matter is now before the Alaska courts to establish the legal authority of the State to provide relief from outstanding obligations.

Generally, I would say that the program appears to be moving in the right direction, because—complemented by SBA 3-percent loans—the individual could then be relieved of the burden of the outstanding mortgage obligation and obtain 3-percent money for a new residence.

There were, as was mentioned by Senator Bartlett before, certain problems of equity, where the primary relief was provided to the holders of mortgage liens, and not necessarily to individual property own-

ers. This is a problem particularly where equity was large. The owner receives rather little compensation under this provision. However, he was not encumbered with payments on the home that had been destroyed—which, of course, was the basic purpose of the provision. But that was a program that was geared to direct grants, 50-50 matching Federal-State grants, to provide relief from outstanding obligations.

Senator BAYH. During our last conversation with the Budget Bureau, we were thinking along the lines of basing this on equity, regardless of the loss incurred at least of the loan loss, with certain maximum limitations.

Mr. FISCHER. It would be my personal opinion that this would be a much better approach. Particularly, it could take into account that both the mortgagor and mortgagee should equally share, or proportionately share, in whatever loss was sustained.

Senator BAYH. Glad to have your thoughts on that specific provision, inasmuch as you have seen the program that is in similar vein that we have in action.

Mr. FISCHER. Yes.

I would now like to turn just briefly to section 5, which deals with shelter for disaster victims. This section would authorize the President to provide dwelling accommodations for individuals or families whose dwellings have been destroyed or substantially damaged by a major disaster.

As has been brought out, the Office of Emergency Planning already has considerable authority for the provision of emergency shelters. As necessary, HHFA cooperates with OEP in the provision of temporary shelters in disaster situations. We generally would defer to OEP as to the need for this particular provision.

Senator BAYH. May I ask you this question, as we go, since we have started from section to section, please?

Mr. FISCHER. Surely.

Senator BAYH. Our thinking behind this is that particularly in flood damage, many of these people who live and suffer this repeated damage live in areas that are flood prone, and they go right back into the same areas. They build the same really substandard housing, and it is swept away. Why not make available to those people not only emergency shelter but also the same type of low-cost subsidized housing that is available to them today if they live in the large metropolitan areas, where we have large housing developments? This not only provides emergency relief, but it also appreciably enhances the living standards of the individuals involved.

You fellows have had a lot of experience in administering this program, and I understand this goes beyond the disaster philosophy. This is a new philosophy of public housing.

Mr. FISCHER. Yes, sir. It would seem to me that a new program of this type would probably have to be worked out within the context of existing programs, and I think that particularly here, the Budget Bureau proposal for keying assistance to a State program that concerned itself with prevention of future damage, floodplain zoning, and other land-use controls, would be very pertinent.

I couldn't very well discuss offhand how this might be carried out, but we would be somewhat concerned about the establishment of a

new program that would, in effect, provide permanent or indefinite housing, without being geared to public-purpose oriented controls that exist for other programs.

Senator BAYH. Thank you.

Mr. FISCHER. Section 6 deals with FHA programs. Subsections (a) and (b) of this section would amend the present Federal Housing Administration program of mortgage insurance for disaster housing. The maximum mortgage amount under this program would be increased from \$12,000 to \$20,000, and the maximum maturity would be extended from 35 to 40 years. The mortgage financing would be made available, through special assistance-mortgage purchase by FNMA at below market interest rate.

We see no need for this new authority. The proposed interest rate would still be in excess of the 3 percent loans already available through SBA for replacement of disaster-damaged homes. We have no wish to establish a competing program administered by HHFA.

I might add two brief comments here. There is one very interesting feature that was included in the draft for this section, and that would make the benefits of a revised FHA section 203(h) available not only to owners of damaged homes, but also to renters of damaged or destroyed homes. It is my understanding that at this point, relief insurance made available through SBA loans is not available to renters, and this is something that in a number of instances in Alaska, provided some serious hardships. Possibly this has now been adjusted.

The other comment I would like to make is that if the Bureau of the Budget proposal is pursued, further attention may have to be given to the role played both by the SBA and our section 203(h) program in home financing and refinancing, to see how they would work under the Budget proposal that existing Federal programs take up the slack of anything not covered under the direct grants.

Subsection (c) of this section would amend the FHA section 221 program of housing for moderate income and displaced families to include reference to families displaced as a result of nature disaster, in addition to those displaced as a result of governmental actions. The purpose of this amendment appears to be to make available to disaster-displaced families the same special rental priorities and other benefits now available under section 221 to those displaced by Government action.

This agency has no objection to this proposed amendment. To the extent that section 221 housing may be of assistance to disaster victims, it seems entirely justified that they should have access to such housing on the same terms as governmentally displaced persons.

We have a couple of technical amendments proposed here.

Senator BAYH. May I ask a couple of questions about section 6, here?

Mr. FISCHER. Yes, sir.

Senator BAYH. We weren't by any means wanting to set up a competing program.

Do you feel that you now have sufficient authority to revise and extend and compromise whatever adjustments you might feel are necessary? Do you have these adjustment provisions in the act, in case of disaster, that we wanted to give you so you would have complete leeway

to make the adjustments that were necessary, dependent upon the case involved?

Mr. FISCHER. We found again in the Alaska situation that the SBA, with their direct loan program and their ability to finance and re-finance on a 3-percent-loan basis, was able to provide much more effective service to homeowners that we could, even if this provision were amended.

Senator BAYH. Well, let's take someone who has an FNMA mortgage. Now, if the disaster strikes, does SBA go in and refinance the FNMA mortgage? That is what I am getting at. SBA has an excellent program for moving in and providing the loans that don't already exist. How about your loans that you already have in disaster areas?

Mr. FISCHER. FNMA, in this situation, may own certain mortgages just like any other mortgagee, any investment company. The fact that the mortgage is Governmentally held or privately held really makes little difference on refinancing.

A home that is FHA-insured, with a mortgage held by FNMA or someone else, can be refinanced through SBA. The fact that the Government is involved does not prevent the owner from receiving the benefits of 3-percent loans.

Senator BAYH. You feel you have sufficient authority, working through the SBA, so this can be accomplished?

Mr. FISCHER. Yes. We found that SBA was able to handle situations quite effectively, and was able to do, as I said, under the direct loan program, much more than we could possibly have done. As a matter of practice, we encourage all homeowners to avail themselves of the benefits of the SBA program, because we were convinced that they would be better off that way.

Senator BAYH. Now, one last question about this section.

Did I interpret your remarks concerning the relief which we desire to give to renters as well as owners, that you would favor this inclusion, in looking at the experience that you had in Alaska?

Mr. FISCHER. What I would suggest is that this point be given further attention insofar as programs, not just of HHFA, but also of other agencies, are concerned.

Senator BAYH. Thank you very much.

Mr. FISCHER. As to section 9, dealing with assistance for community facilities, the second paragraph of this section would amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture, in areas which have suffered major disasters, to make or insure loans to nonprofit organizations and to public and quasi-public agencies for acquisition, construction, improvement, or extension of waste disposal systems and other public facilities needed for disaster recovery. The Secretary would also be authorized to make up to 50 percent grants for the same purpose where the loan financing would require service charges more than 50 percent above the average in comparable communities in the State or beyond the financial ability of the majority of users.

This Agency strongly recommends against enactment of this provision. It would substantially overlap the program of loans for essential public works or facilities which this Agency administers under title II of the Housing Amendments of 1955. Amendments to make

the program also available to private nonprofit bodies are presently pending in the Housing and Urban Development Bill of 1965. It would also overlap the proposed HHFA program of grants for sewer, water, and other community facilities, under that bill.

This Agency has basic responsibility within the executive branch for administration of community facilities programs. Any additional Federal assistance for such facilities should be administered through this Agency.

Mr. Chairman, I have some additional comments I would like to add in general, if you care to discuss this particular section.

Senator BAYH. Fine.

May I ask a question, since you just touched on section 9?

We certainly don't want to get into a competitive situation in community facilities. But we are faced with the situation where the Farmers Home Administration, for example, can give to a nonprofit corporation or an unincorporated community, however you want to describe it, a loan for water facilities or sewage. Also, as you point out, you administer certain grant programs for community facilities.

We were confronted with a case, and I don't think this is a unique situation, where a sizable portion of the community is destroyed. It doesn't already have these modern facilities and the residents are not going to build back in the original community unless we provide the modern facilities which might be available in a larger area close at hand. We might say, "Well, so what; let them have free access to build where they want."

But, what about the remainder of the town? The businesses, and the tax base, the indebtedness, which is only going to be supported by half the community?

So, I think that it is best to try to get some sort of program; whether you administer it, or whether Farmers Home administers it, I don't care.

Mr. FISCHER. Well, Mr. Chairman, the proposal in the bill would, in effect, establish the type of authority that we have or will be granted under the present housing and urban development bill.

Senator BAYH. This is assuming that this measure passes?

Mr. FISCHER. Yes; assuming that it passes.

Senator BAYH. Which I hope it does, but we don't know about that.

Mr. FISCHER. But, insofar as our programs are concerned, they are certainly not restricted to large metropolitan areas or large cities. Particularly under the public facilities programs, we deal with many communities under 5,000, many under 1,000 population, so that the problem of a small community or small settlement that may be hit by a disaster would not fall outside the scope of our present responsibilities.

Senator BAYH. Can you deal with an unincorporated area now?

Mr. FISCHER. We at this point can deal with public bodies, public agencies. For instance, the county may establish improvement districts outside of any incorporated city.

Senator BAYH. Where you have a situation where the county and the local community are not getting along, then you have a problem, don't you?

Mr. FISCHER. If an area outside of a local community—outside of the city—wants to avail itself of the benefits of the program, there

generally will be State legislation under which a special authority or a special district, involving property owners' participation, can be established.

Now, as I mentioned, under the pending legislation, we would also deal directly with nonprofit associations as well.

Senator BAYH. Thank you very much.

You said you had some independent comments, also.

Mr. FISCHER. I would just like to make a few general comments.

I very much concur with the bill's and with the Budget Bureau's concept that States should assume some responsibility for assistance to provide relief to homeowners. The Budget Bureau proposal has the additional desirable feature of encouraging States to take measures to minimize future disaster losses by means of flood plain zoning and other necessary controls. This is something that we found extremely important in connection with the Alaska earthquake, where, by makeshift means, measures had to be taken to prevent the reconstruction of improvements in areas that were very obviously subject to further sliding and other earthquake-related damage.

And it would also, as I mentioned earlier, provide Federal-State aid to all affected property owners, regardless of the size of their equity and debt, which we think is quite an important feature.

Also, a comment was made in other testimony about Senate bill 408, which would authorize an HHFA study of an effective system of insurance or other means to protect against financial losses from floods, earthquakes, and other disasters. We certainly stand ready to undertake that kind of a study to explore further means of providing relief measures. There may be some important complementary provisions that could be provided to make the Budget Bureau's proposed program operable, and also to support some of the proposals in your particular bill.

Senator BAYH. Thank you very much. I apologize for interrupting your statement from time to time, but it seemed to work out very well, and to keep the record contiguous, so to speak.

Mr. FISCHER. Your comments were very germane, Mr. Chairman.

Senator BAYH. And your answers were very specific and helpful, and I would like to thank you and the gentleman with you, and also thank all those down at HHFA who have helped in the consultations necessary before we put the bill together.

You have been extremely helpful, and I hope we can continue to call on your information and experience as we proceed.

Mr. FISCHER. Thank you, Mr. Chairman. We will be glad to assist in any way possible.

Senator BAYH. Thank you very much.

Our next witness is a gentleman who has come a long way to testify this morning, Mr. Woody Caton, the sheriff of Elkhart County, Ind.

Sheriff, if you would join us, we would be extremely honored. Having had a chance to tour the tornado area, all of the tornado area, and the specific area in which you are the law enforcement officer, and having heard firsthand testimony on the part of the victims, and of the gratitude that they have for the extreme effort that you made, an effort which, because of the particular nature of this tornado coming in a sort of a double whammy type destruction, which subjected you

and your assistants to possible further tornado damage when the second tornado came through I think that the entire State—in fact, all of us—would like to go on record as commending you publicly once again, in addition to the many tributes that have already been paid to you, for your quick action, which kept the terrible disaster from being even worse.

**STATEMENT OF WOODY L. CATON, SHERIFF, ELKHART COUNTY,
IND.**

Mr. CATON. Thank you, Senator Bayh.

I would like to say that I do have some pictures, if you would be interested.

I also would like to read a prepared statement, Mr. Chairman.

I should first like to say that it is an honor and a privilege to be asked to speak with you on behalf of the residents of Elkhart County. I am certain that the people in the stricken areas will appreciate the relief provided in the bill now under consideration. The appreciation will, however, necessarily be dimmed by the memories of the tragic hours which created the subject of this legislation.

I shall attempt to tell you about these events in Elkhart County, although, in my opinion, no person can adequately describe the suffering and devastation brought by a natural disaster; about the response and assistance immediately after the disaster; and about the lingering problems attendant to it.

April 11, 1965, Palm Sunday, was a beautiful day in Elkhart County. The temperatures were pleasant, neither too warm, nor too cool. There were intermittent showers, and the other niceties of an early spring day.

About 6:30 p.m., I heard on the police radio that a tornado had struck the Midway Trailer Court, which is on U.S. 33, between Goshen and Elkhart. When I arrived there, a few minutes after, I found twisted masses of steel and wood which had been homes. Throughout the area, which is about one-quarter mile square, the injured and dead were lying in and under the debris. We worked with all speed to remove the injured and get them to safety, and help.

As we worked, there appeared a massive black cloud to the west of us. It appeared to be bearing down on us. Workers began to flee the area, and seek whatever cover there was left available. We then saw that this tornado was passing northwest of us.

As many of us as could be spared raced to the area, and found indescribable conditions in an area which we knew had been residential. Those of the injured who were able to walk were staggering toward the emergency vehicles, bleeding and near hysteria. Throughout the rubble, the more seriously injured and dead lay, waiting for much-needed assistance. Again, injured were removed as speedily as possible.

This covered a 25-square-block area, and there were over 300 homes that were leveled in this one area.

By this time, it was apparent that all normal public utilities, electric, gas, and telephone, had been so severely damaged that they were inoperative. Communications became an immediate problem for not only the loved ones who worried at their home about a friend or rela-

tive in the stricken area, but also for the hospitals, where supplies for the injured grew short. Police radios provided emergency service, where the need existed.

The staggering number of injured glutted our local hospitals, and only the more severely injured people were admitted. If emergency treatment could suffice, the person was treated, and released. The Goshen General Hospital became so crowded that they used a dormitory of the adjacent Goshen College for the injured. The Elkhart General Hospital strained its facility, and accommodated the injured in the building.

As we later learned, the warnings issued by the Weather Bureau, and passed along by us, had been broadcast over the commercial radio and television stations in our area, and had provided a much needed margin of safety for many people in the areas which were hit. Most who had heard had heeded the warning, and taken refuge in the basements of their homes. Had these not been faithfully broadcast, the number of dead and injured would have far exceeded the staggering toll taken, which was 49 dead and hundreds injured.

I might add here that there were over 600 homes totally destroyed throughout the country.

A second look at the devastated areas, after the injured had been removed, revealed twisted bodies and frames of vehicles which had belonged to the victims. None of the vehicles could be used again. Food stuff which had been secure in the refrigerators, and freezers of the homes, lay scattered about the entire area, widely separated from the appliances, now almost unidentifiable. Open waste disposal systems seemed everywhere, and the immediate need for action to prevent rodents and disease from investing the area was apparent.

In the paths of the tornadoes was complete destruction, completely across our county. Anybody whose homes or property were in the paths lost not only the structures but also all his personal effects and transportation. Needless to say, this meant many, many homeless families, in dire need of the barest of necessities such as food and clothing.

After the injured and dead were removed, the protection of the few shreds of usable property in the paths became most important. The National Guard was activated, and established traffic control, and guard stations to prevent looting. Despite this, there were some reports of looting, and these, to date, resulted in one conviction.

Primarily, immediate relief was provided through local citizens, who donated food, clothes, and housing facilities for use of the victims. Kitchens at the service and civic clubs were opened, as were those of the volunteer fire stations. Thousands of meals were served to the victims of the disaster, and the volunteer workers.

Undoubtedly, the largest boost in morale and spirits came when the area was visited by President Johnson and his party. From this point on, the number of volunteered items increased, and cleanup operations were accelerated.

To attempt to assess and describe the loss to the public, I should like to say that people from every walk of life were affected directly through loss of life, limb, or property. Business in the county was at a standstill for almost 12 days.

Most acutely affected was the farmer. While the man who works for someone else, or had even a store, or small business damaged, may have lost his home, all personal belongings, and face a bleak future, his source of income is basically still available to him. The farmer, on the other hand, has lost not only the same things as the others, but has also lost his implements, livestock, storage facilities, and the use of the land from which he derives his income.

Most critical of the resources lost by the farmer was time. His land could not be tilled, or his already sprouting crops were damaged or lost. These are not simply replaced, because they must be grown in time, or the season is over, and there are no crops. Therefore, the farmer has lost his potential yearly income. This could deal a crippling blow, not only to the individual, but also the economy of an agrarian county.

Naturally, in the wake of such total devastation, economic pressures are applied to anyone who suffered loss. Even though insurance coverage was a factor, it could usually only satisfy mortgages already existing, or pay partly for damaged or lost personal property.

Roughly half of the people involved were not insured, and are left to bear the financial load alone. Both of these considerations can pose a serious threat to economic recovery in the stricken areas.

Our experience in Elkhart County leads us to conclude, as have the Senators from Indiana and other disaster-ridden States, that there is an acute need for Federal aid in the event of natural disasters.

An incident which points up the need for adjusted loan policies involves Leonard Spigutz, who is the owner of the Midway Trailer Park, which was heavily damaged by the tornado. When Mr. Spigutz applied for Federal assistance for repair of his facility, he was advised that his credit status was too good for him to qualify for a loan at 3 percent. The result was that he was required to secure the needed funds at a 6-percent rate, thus increasing his costs, and decreasing his ability to successfully and completely recover from the damage foisted on him by a natural disaster.

I believe that the warning system which was used in this incident was functional and did, in fact, save many lives. I feel, however, that a better and faster condition could be achieved by having a radar installation at the South Bend Airport, by installation of a radar unit here, storm warnings for northern Indiana and southern Michigan could be pinpointed by an early warning to local police and citizens in event of severe weather conditions.

In conclusion, I would like to say that our experiences in the past weeks have made us keenly aware of the pending legislation. I have studied the copy of Senate bill 1861, which was provided to me, and feel that the provisions of it meet needs with answers and actions.

I should like to thank you for your kind attention, and for allowing me to speak with you. If I can be of help to you in any way, only let me know, and I will answer any questions, if you desire, Senator.

Senator BAYH. Thank you, Sheriff. Your description of the scene of the tragedy immediately following its occurrence, of course, is very touching.

You might, if you would, have Mr. Spigutz contact us. If you recall the testimony from the Small Business Administration indicated that this was not their policy, that perhaps we can still provide some relief

for him, inasmuch as there may be some technicality that none of us know about, but at least the gentlemen from the SBA said that this was not their normal practice.

Mr. CATON. I will do that.

Senator BAYH. Could you give us the benefit of your law enforcement experience, now that you have had this tragedy, regarding the provision of the bill that permits a closer coordination of our weather warning system with the existing and perhaps to be established civil defense facility to provide additional warning to those who might not be listening to their television or radios? Would this be practical as you see it?

You have a fire station there, and the volunteer people did a tremendous job in helping you get people back on their feet. Could we use the warning there in some way?

Mr. CATON. We are working on that right now, Senator, working on it to the point that in our county, every township has a fire department, and we are working with a radio monitoring, where we can get the word distributed around the county, and, of course, some of it will be done by sirens, and so forth.

Senator BAYH. This is what we had in mind. Of course, this will take some considerable education on the part of the people. If we have a civil defense system that is supposed to warn us against enemy attack, and this type of thing, there has to be some way to differentiate between the two, and like the little boy who cried "wolf," if they are conditioned to the one type of emergency, and it never does develop, then they might become more reluctant to heed the warning system.

Do you think this could be utilized, though?

Mr. CATON. Yes, sir; it is going to take education. I might add that in our county, as you say, we cried "wolf" many times, and then, of course, it finally came, and needless to say, now, when there is a storm warning, why, everyone is prepared. There are many, if not all, of the homes that have been rebuilt, I believe, 99 percent of them have basements, many of them have storm cellars, or a place to go in case of a storm.

Our two trailer parks are building a storm basement to adequately take care of their people that they have in these trailer parks.

Senator BAYH. As you know, we accompanied the President to the area on Tuesday following the disaster on Sunday. The amazing thing was to come back the following week and go with you to the disaster area and other areas that had not been visited by the President, and see firsthand the initiative and the determination that was being exhibited by those who have been knocked almost senseless a week before, and had responded and were in the process, as you say, of digging cellars and repairing barns, and cleaning up rubble.

Mr. CATON. I would like to say to the Senator that he should see that area now. Really, a lot more progress has been made in this area in the last several weeks.

Senator BAYH. Is there any other type of relief that you can think of that would have been of greater assistance to you as you faced this horrible disaster?

Mr. CATON. No, the main thing, and there are several families that I am thinking of right now, are the aged, where they lost everything. They lost all their personal property, including their clothes, every-

thing down to their toothbrush, plus their home, furniture, everything. Now they have asked me this question: "How are we going to rebuild? How are we going to buy that toothbrush, our clothes, get everything in order like we had it, on social security payments?"

Different ones came to me and stressed that desire. Another thing is that some of our people who live in the moderately priced homes have gone to lumberyards to try to get credit. The lumberyards, most of them, refused the credit, and, of course, the same goes for where they have tried to buy a mobile home to use as a home. They find it hard, where they have lost everything, to have their credit established.

Senator BAYH. This is a severe problem. We are trying to deal with it.

Thank you, Sheriff. I appreciate your coming this long way, and thank you again.

Mr. CATON. Thank you, Senator.

Senator BAYH. We will always be indebted to you for the efforts that you made on the scene, following the disaster.

Mr. CATON. Thank you.

















Senator BAYH. You might, if you could, let us have those pictures temporarily, so that we could show them to the committee when we are ready to consider the bill in executive session. I think they tell the story much more dramatically than anyone can put it in words.

Mr. CATON. I would be glad to. I would be glad to leave them. Thank you.

Senator BAYH. We have another witness who has gone to considerable trouble to appear before the committee today, Mr. Robert O'Neal, who is the State police superintendent in Indiana. Mr. O'Neal has had a long and distinguished career as a law-enforcement officer, and I might point that his experience in government has been very broad; he has served as a public official on the city-county levels, on the State level, and on the Federal level.

Mr. O'Neal played a key role in helping Indiana struggle back to its feet after the terrible tragedy that struck the State on Palm Sunday this year. Governor Branigin designated Mr. O'Neal as the coordinator of all State disaster programs. Mr. O'Neal, and, it should be pointed out, all of the State police, did a magnificent job under very trying conditions following the tornadoes which destroyed or damaged wide areas in Indiana.

Mr. O'Neal, we are very pleased that you are able to be with us today so that we can draw upon your expert knowledge. It is my understanding, sir, that you are prepared to discuss a survey you have made on losses suffered by victims of the recent disaster in Indiana. Is this correct?

STATEMENT OF ROBERT O'NEAL, SUPERINTENDENT OF POLICE, STATE OF INDIANA

Mr. O'NEAL. Yes, that is right. Actually, the survey we made was just taken yesterday, and I stayed up late last night compiling the data.

Senator BAYH. Well, we certainly appreciate that.

Mr. O'NEAL. I was thinking that the committee might be able to make use of some fresh, up-to-date material that would show the terrible situation many of these people in our State are in.

Mr. Chairman, I do not have a prepared statement, but I have a chart which shows the results of the survey and I would be happy to explain the results to the committee to the best of my ability.

Senator BAYH. Fine. First, though, I wonder if you could tell us something about the mechanics of your survey. How many people did you contact, and how did you select them?

Mr. O'NEAL. My men talked to 60 people in Indiana yesterday to ask about their personal losses. We wanted to find out how much the losses amounted to and what share of the losses had been reimbursed.

Senator BAYH. I see. Where were these interviews conducted?

Mr. O'NEAL. Well, we went into the areas that received the worst blows on Palm Sunday. We talked to people in the towns of Russia-ville, Greentown, Koontz Lake, and Dunlap. We also contacted some farmers in St. Joseph County and some trailerowners in Elkhart County. We were trying to get a balanced picture.

Senator BAYH. How did you decide whom to interview in these various communities?

Mr. O'NEAL. Well, Mr. Chairman, we didn't follow any special plan. My men just talked to the first people they came in contact with after they got to a community.

Senator BAYH. In other words, you got what could be described as a random sampling?

Mr. O'NEAL. Yes, sir; I believe that is correct.

Senator BAYH. Now then, I wonder, if you could tell us something about the results of the survey. What did you discover?

Mr. O'NEAL. I would like to start out by saying that the overall results of the survey are shocking to me. The people in these areas that were hardest hit by the tornadoes are a great deal worse off than I would have guessed.

In Russiaville, we contacted three business places, two farmers, and five homeowners and the total real estate loss for these people was \$270,900. This averages about \$27,000. I had better point out that these figures are based on estimates made by the property owners themselves, not our estimates. We found that of this loss of \$270,900, \$155,900 was covered by insurance. There was no other reimbursement, so the total real estate loss for these people we contacted in Russiaville was \$115,000. These same 10 people reported personal property losses totaling \$233,000. Of this total, \$90,400 was covered by insurance and there was no other reimbursement, so the personal property loss was \$142,000.

My people also contacted 10 homeowners in Greentown and the real estate losses of these homeowners came to a total of \$188,996. In this case, insurance covered \$137,596 of the loss. There was no other reimbursement, so the total loss is \$51,400. The 10 homeowners in Greentown reported that their personal property losses totaled \$70,940. Their insurance covered \$46,440 of this, so the loss was \$24,500.

In Koontz Lake, the 10 homeowners we talked with said their real estate losses amounted to a total of \$125,000, so the average here was \$12,500. The insurance policies of the 10 homeowners in Koontz Lake covered \$74,748 of the loss. The Red Cross provided reimbursement of \$128, so the total real estate loss was \$50,552. The personal property losses in Koontz Lake for the 10 families we contacted, were \$42,000. Of this, \$18,100 was reimbursed by insurance and \$470 was reimbursed by the Red Cross. This left a total personal property loss of \$23,900.

We also got in touch with 10 homeowners in Dunlap, and they said their total real estate losses amounted to \$92,350, which means that the average was a little more than \$9,000. The insurance coverage for these people took care of \$38,400 of the loss and there was no other reimbursement, so the total loss was \$53,950. The personal property losses of these 10 families in Dunlap came to a total of \$45,000. Their personal property insurance covered \$8,600 of the loss. They have not received any other reimbursement for their personal property losses, so the total loss was \$36,400.

Mr. Chairman, my men who went into St. Joseph County yesterday got in touch with 10 farmers to determine their losses. The 10 farmers that we talked to said their real estate losses—this would include such things as houses and barns—amounted to a total of \$382,500. This averages out to a loss of about \$38,000 for each of the farmers. Of the total loss, \$169,424 was covered by insurance and there was

some other minor reimbursement. The unreimbursed real estate losses for the 10 farmers was \$212,466. These same 10 farmers reported personal property losses totaling \$48,555, of which \$27,010 was taken care of by insurance and \$130 was covered by the Red Cross, which left a total unreimbursed loss of \$21,415.

In Elkhart County, my men contacted 10 trailer owners who sustained heavy losses. The losses to the real estate—or I should say to the trailers themselves—came to a total of \$48,100, or an average of about \$4,800 per trailer. The insurance carried by these 10 families covered \$34,550 of the \$48,100 loss to the trailers. In the area of personal property, the 10 trailer owners sustained a total loss of \$23,000, of which \$10,300 was covered by insurance. This left a total personal property loss of \$12,700.

That completes the statistics we gathered from the six areas, Mr. Chairman, and now I would like to give you the totals from these six areas.

Senator BAYH. Fine.

Mr. O'NEAL. Well, first I will read the figures regarding real estate losses. The total real estate loss of the 60 people we contacted was \$1,107,846. The total amount of insurance coverage for the real estate was \$610,618. The Red Cross reimbursed \$163 of the real estate loss and other sources reimbursed \$575 of the loss.

Senator BAYH. Excuse me, please. You said that other sources provided reimbursement of, I believe, \$575. Do you know what these other sources are?

Mr. O'NEAL. I am assuming, Mr. Chairman, that the other sources would mean charity provided by church groups, and so forth.

The total personal property loss of the 60 people we contacted was \$462,495. Of this, \$200,850 was taken care of by insurance policies, and the Red Cross provided reimbursement of \$600, which left a total loss of \$260,915.

I think, Mr. Chairman, that this pretty well covers the information on the chart I have with me.

Senator BAYH. Well, I must say that the figures you have been going over are striking and revealing. The magnitude of the losses of the persons you interviewed is truly staggering. Even more staggering, it seems to me, is the proportion of the losses that has not been covered by insurance and for which there does not seem to be any potential reimbursement.

The survey you have taken is dramatic evidence of the great need for increased assistance to individual private citizens in disaster areas. The main purpose of the legislation we are considering is to meet this need.

There is one thing I would like to make clear for the record, Mr. O'Neal. It is my impression that all the losses you referred to were the estimates of the property owners themselves. Is this correct?

Mr. O'NEAL. Yes, sir; this is true, and it is possible, of course, that some of the estimates were exaggerated. I guess it is natural for a fellow to have a slightly inflated notion of what his property is worth, but I really feel that the figures we got are not very far off the beam, Mr. Chairman. I honestly believe that they are pretty accurate.

Senator BAYH. Yes; and even if there is some exaggeration in losses it wouldn't significantly alter the total picture regarding the difference between loss and reimbursement.

I think it would be helpful if we could include your chart in the record, if you could supply us with a copy.

Mr. O'NEAL. I would be happy to do so, Mr. Chairman.

Senator BAYH. Are there any other observations you would like to make at this time?

Mr. O'NEAL. No; I don't believe so.

Senator BAYH. Well, I want to thank you very much for breaking into your busy schedule so that you could be with us today. The information you have given will be extremely helpful to the committee.

(The tabulation supplied by Mr. O'Neal is as follows:)

	Location, number contacted, and type of building						Total
	Russiaville; 3 businesses, 2 farmers, 5 home- owners	Greentown: 10 home- owners	Koontz Lake: 10 home- owners	Dunlap: 10 home- owners	St. Joseph County: 10 farmers	Elkhart County: 10 trailers	
Real estate, total estimated loss from tornado.....	\$270,900	188,996	\$125,000	\$92,350	\$382,500	\$48,100	\$1,107,846
Loss reimbursed by—							
Insurance.....	155,900	137,596	74,748	38,400	169,424	34,550	610,618
Red Cross.....	None	None	128	None	35	None	163
Other.....	None	None	None	None	575	None	575
Total net loss.....	115,000	51,400	50,552	53,950	212,466	13,550	496,918
Personal property loss from tornado.....	233,000	70,940	42,000	45,000	48,555	23,000	462,495
Loss reimbursed by—							
Insurance.....	90,400	46,440	18,100	8,600	27,010	10,300	200,850
Red Cross.....	None	None	470	None	130	None	600
Other.....	None	None	None	None	None	None	None
Total net loss.....	142,000	24,500	23,900	36,400	21,415	12,700	260,915

1 60 owners contacted: 35 homeowners, 12 farmers, 10 trailer owners, and 3 businesses.

NOTE.—All contacts made on June 21, 1965, by Indiana State police personnel, Robert A. O'Neal, superintendent.

Senator BAYH. We have two other witnesses from Indiana who were charged with the responsibility of studying the disaster on the State level, and I thought it would be helpful to our committee to have a view from members of the State legislature who had investigated this thing from the State responsibility standpoint.

Senator Mankin, of Terre Haute, who is the majority leader of the Senate, and Senator Keith McCormack, who is from one of the affected counties, Boone County.

Gentlemen, why don't you both come forward, and let us have your thoughts, if you would please. We appreciate your taking the time from very busy schedules to come all this way, and also we appreciate your patience this morning. As you know, it was most important that we get from the Federal agencies their testimony concerning the measure which we hope they will be charged with the responsibility of administering, and we appreciate your indulgence while we heard this testimony.

STATEMENT OF HON. JOHN MANKIN, STATE SENATOR OF THE STATE OF INDIANA

Senator BAYH. Senator Mankin, do you want to serve as the spokesman of the group, inasmuch as you were the chairman, as I recall, of the special committee that was appointed by the Governor, was it not, to investigate this?

Mr. MANKIN. Actually, Mr. Chairman, the disaster relief study committee was established by the Indiana Legislative Advisory Commission, after consultation with the Governor, in an attempt to evaluate some of the problems immediately after the tornadoes had occurred.

Incidentally, the disaster relief study committee of the Indiana General Assembly is a continuing committee which will continue to function. It attempted to evaluate the problems as quickly as possible, with the thought in mind that it might be necessary even to have a special session of the Indiana General Assembly, but the magnificent job done by the different State agencies made it appear to us, at least, that a special session of the Indiana General Assembly would not be necessary, because existing State statutes were stretched to cover most of the problems the State government was concerned with.

My name is Jack H. Mankin and I reside in Terre Haute, Ind.

At the present time I am a State Senator in the Indiana General Assembly representing Vigo County, Ind. I hold the office of president pro tem and majority leader in the Indiana Senate, and I presently am chairman of the disaster relief study committee established by the Indiana Legislative Advisory Commission.

On May 26, 1965, the disaster relief study committee submitted a report to the legislative advisory commission based upon its investigation and study of problems resulting from the series of tornadoes which struck Indiana on Palm Sunday, April 11, 1965. I am submitting to the committee a copy of that report.

Senator BAYH. I will ask that it be placed in the record.

Mr. MANKIN. The Palm Sunday tornadoes created perhaps the greatest disaster in the history of Indiana, approached only by an Ohio River flood several years ago.

At the present time the death toll from the tornadoes stands at 138 persons, with 1,472 injured. The average estimate of property damage appears to be in the vicinity of \$60 million.

Various nongovernmental organizations provided some relief to victims of the tornadoes. The greatest contribution was made by the American Red Cross which provided emergency shelter and food and a program of outright grants to disaster victims to replace real and personal property destroyed.

State and local governmental units performed very well, insofar as their respective functions permitted. The Indiana State Police, the Indiana National Guard, the Indiana Department of Civil Defense, the Indiana Department of Correction, and the Indiana State Highway Department especially contributed to the emergency problems. For example, the department of correction made available 700 inmates of penal institutions for debris clearance, both on private and public property.

The Federal Government agencies which participated in the problems resulting from the tornadoes performed their functions well within the limits of their authority as provided by law and administrative decisions.

The director of the Indiana Department of Civil Defense was the designated representative of the Office of Emergency Planning, and he established field offices to expedite the program of debris clearance provided by that Federal agency; however, that program was limited to concerning itself with public property except in those instances where a health hazard existed.

And here I might say, Mr. Chairman, that we found one of the most difficult problems resulting from the tornadoes, and one of those matters of most expense to the individuals was that of debris clearance.

The Small Business Administration and the Farmers Home Administration established temporary field offices to explain to the tornado victims, and to expedite making available, the services of their respective agencies. Unfortunately, it developed that a relatively small number of victims of the tornadoes were able to qualify for the low-interest loans provided by those Federal programs for victims of a disaster.

We found that farmers especially were unable to qualify for the low-interest loans because in most instances they were unable to show sufficient ability to repay the loans.

I am pleased to be able to report that a very high percentage of the real and personal property which was either destroyed or damaged by the tornadoes was covered by insurance. The precise figure varies, I might say, depending on whom you are talking to, but I think the feeling is that a higher percentage of property was covered by insurance than we at first thought.

However, again, it was the farmers who suffered most from a lack of sufficient insurance coverage, partly due to the fact that such expenses as replacement of fencing and debris clearance are not covered by insurance.

We found that no uniform system of disaster warnings exists and our committee will continue to study this problem. Because of the

necessary participation of weather bureaus and civil defense authorities, it appears that any worthwhile disaster warning system will require the cooperative efforts of Federal and State Governments.

I have examined your S. 1861 in the light of my investigation into the actual problems resulting from the Palm Sunday tornadoes in Indiana. I believe that the bill goes a long way toward providing additional relief for victims of major disasters.

The provisions of the bill which would authorize the Federal lending agencies and the Federal insuring agencies to treat disaster victims in a special manner by providing for low-interest rates and long terms for loans are specially important.

However, I would suggest that such enlargement of existing Federal programs take into account the matter of insurance on destroyed or damaged property and that such programs be provided over and above the insurance proceeds actually recovered. The provision of the bill authorizing the President to provide dwelling accommodations is desirable.

Although the American Red Cross and other local emergency relief organizations make a valiant effort to provide emergency shelter, it is entirely possible that future disasters could be of such proportions that such emergency relief would not be adequate, let alone the long-range shelter requirements that these programs are not able to satisfy.

I would call special attention to the provision of the bill which would provide assistance to unincorporated communities. We had 1 town of 1,500 inhabitants, Russiaville, Ind., which found the door closed to any disaster relief programs because it was unincorporated. This town was virtually wiped out and the people were utterly frustrated when they found that their determination to rebuild the town was thwarted by the fact that they were unincorporated.

I would suggest further that the provisions of the bill for assistance to repair or rebuild elementary or secondary schools and to repair highways damaged by disasters are desirable, and I have indicated previously the desirability of Federal Government participation in a uniform system of disaster warnings.

In conclusion, I would like to point out that it is my considered opinion that if we are to have further relief for victims of major disasters, it is essential that we look to the Federal Government for such relief.

The disaster relief study committee intends to recommend to the next Indiana General Assembly certain measures to amend existing Indiana statutes in order to make it possible for existing State and local agencies to provide additional relief to disaster victims, but these measures will be limited. The pressure of tight budgets and the ever-growing demands of education, streets, and highways, and institutional establishments requires that State and local governments look to the Federal Government for further action on the problems of disaster relief.

I am certain that the people of Indiana, having fresh in mind the tremendous problems created by the Palm Sunday tornadoes this year, would urge the passage of S. 1861.

(The report of the disaster relief study committee submitted by Mr. Mankin follows:)

PROGRESS REPORT, MAY 26, 1965

To : Legislative Advisory Commission.

From : Chairman, Disaster Relief Study Committee.

The disaster relief study committee was organized at a meeting in Indianapolis April 28, 1965, with all members of the committee present. Also present were: David Allen, representing the office of the Governor; Robert O'Neal, superintendent, Indiana State Police; John J. Dillon, attorney general of Indiana; Charles White, chief counsel attorney general's office; Robert Bates, State director of civil defense; Richard L. Worley, chairman, State board of tax commissioners, Virgil Sheppard, executive Director, Indianapolis Area Chapter, American Red Cross; Robert Hinshaw, regional director of the Small Business Administration; and John King, State director, Farmers Home Administration, U.S. Department of Agriculture.

Each of these persons provided the committee with factual information regarding the problems created by the Palm Sunday tornadoes in central and northern Indiana.

The second meeting of the committee was May 12, 1965, in Indianapolis and again all members of the committee attended. Present at that meeting were: John J. Dillon, attorney general of Indiana; Robert O'Neal, superintendent, Maj. Cecil L. Melvin and Capt. Willard L. Walls, Indiana State Police; Jack L. New, treasurer of State; Richard L. Worley, formerly chairman, State board of tax commissioners, now State examiner, State board of accounts; Joseph C. Woods, Sr., commissioner, insurance department; Larry R. Mohr, members of the State board of tax commissioners; and Donald Long and Richard Foster, State civil defense department.

These people provided additional information to that received by the committee at its April 28 meeting.

From the facts presented at the two meetings of the disaster relief study committee, it was determined that the death toll from the tornadoes, as of May 18, 1965, was 137 persons, with 1,473 injured. Estimates of property damage vary, but it appears that \$60 million is approximately a mean figure of the various estimates given to the committee.

Red Cross participation

Although various nongovernmental organizations and individual volunteers contributed considerably to the problems resulting from the tornadoes, undoubtedly the most important agency of this nature was the American Red Cross. The function of the Red Cross in disasters is to provide emergency shelter and food for the victims and then to embark on a program of outright grants to the victims. The policy of the Red Cross is to restore personal property destroyed to individuals in order to place them as nearly as possible in the position they were prior to the disaster. Although the Red Cross does not require the persons receiving grants be paupers, it does impose a requirement of need for the grants.

In regard to private real estate destroyed, if the individual does not have the means to make a sufficient downpayment for acquiring other real estate of similar value to that destroyed in the disaster, the Red Cross will advance sufficient funds to make the downpayment to allow the victim to obtain a loan to acquire other real estate of comparable value.

The committee was assured that the Red Cross had sufficient reserves to provide any amount of money that might be necessary to accomplish its purposes. The disaster relief funds of the various local chapters of the American Red Cross were to be used in the county in which the chapters exist and then additional requirements would be provided by the State or national organization.

One of the problems in the early days after April 11 was the lack of accurate information for the disaster victims regarding the program of the American Red Cross, but it appears that such information has now been distributed and to the extent that the Red Cross participates in disaster relief, this nongovernmental phase of the relief program appears to be functioning well.

Federal Government participation

One of the primary problems resulting from the tornadoes was that of debris clearance.

A Federal program administered by the Office of Emergency Planning provides considerable aid in this regard. The director of civil defense of Indiana was the representative of that agency in this instance. The debris clearance program of the Federal Government provides for reimbursement of the entire expense of debris clearance and repair of publicly owned facilities by direct reimbursement to local governmental units which assume the responsibility for such expenses. For example, school buildings and other public buildings destroyed or damaged by the tornadoes will be replaced or rebuilt by Federal funds.

In regard to debris clearance on private property, Federal funds are available only if a health hazard is involved. However, some relief in this regard is made available by the Agricultural Stabilization Committee function of the Department of Agriculture in favor of farmers.

The Small Business Administration has a program of low-interest loans to provide homeowners who are victims of a disaster, as well as a program of low-interest loans to business people who suffer such damage. The primary requirement of eligibility for Small Business Administration loans at 3-percent interest is the ability of the borrower to repay. This requires an administrative evaluation and may tend to exclude quite a large number of the disaster victims who already had low credit ratings. For those persons, the Red Cross would be their primary hope.

For farmers, the Farmers Home Administration has a disaster relief program, but it appears that very few farmers will be able to qualify for those low-interest, short-term loans because of the difficult eligibility requirements imposed by this Federal program. However, many farmers will be able to avail themselves of the regular Farmers Home Administration loans of 5 percent over long terms. Probably the greatest problems of rehabilitation following the tornadoes will be those of farmers because many farmers will be unable to establish a credit rating to justify participation in one of the Federal programs. For such person, probably nothing short of a program of outright grants in excess of that provided by the American Red Cross would solve their problem of rehabilitation in any manner to reestablish them in a comparable position to that enjoyed before the tornadoes.

State and local government participation

Under the direction of the superintendent of the State police, it appears that State government in Indiana performed magnificently in response to the needs resulting from the Palm Sunday tornadoes. Besides the full facilities of the State police, the National Guard was called in the disaster areas, and the department of civil defense moved quickly to relieve the emergency problems as well as taking steps to help relieve the long-range problems.

The department of correction made available as many as 700 inmates for debris clearance, both on public and private property, and the State highway department, State board of health and the department of public instruction all cooperated in the emergency problems.

Robert O'Neal, superintendent of State police, was designated by Governor Branigin as his personal coordinator of all State government functions, both immediate and long range. Mr. O'Neal deserves great commendation for performance of his duties.

Since the tornadoes occurred on April 11, one of the primary problems considered of State and local governments was that of the spring installment of property taxes falling due in less than a month. By joint meetings and action of the attorney general, the chairman of the State tax board and the chief examiner of the State board of accounts, it was determined that the tax collection authorities in the disaster areas could lawfully keep their books open for an extended period of time beyond the May 3 deadline for payment of the spring installment of taxes. However, no definite period was established.

Another problem pertaining to property taxation was that of assessment for property for taxes payable in 1966. The March 1 assessment date having passed, a serious problem arose because in many, many instances both real and property which existed on March 1 was either destroyed or its value considerably reduced on April 11, thus depriving the property owner of its use for any length of time during the year for which the property is assessed.

The attorney general rendered the opinion that existing statutes are adequate for reassessment of real property in order to take into account the destruction or reduced value resulting from the tornadoes. However, adequate authority for reassessment of personal property does not exist in the statutes, but a representative of the State tax board indicated unofficially that it would be the policy of the State tax board not to review decisions made by local assessing authorities in regard to efforts made to apply equity to personal property assessments for property destroyed or damaged by the tornadoes. It should be pointed out that much of the property destroyed was covered by insurance or will be replaced by the Red Cross in direct grants, and thus the owner of the property destroyed may have the use of such property with a minimum of interruption.

The treasurer of State advised the committee that he had transferred \$18 million of State funds to the banks in the disaster areas with the verbal understanding that the banks would "lend it or lose it," meaning that these State funds which are deposited at no interest should be used for low-interest loans to disaster victims. It was pointed out that the treasurer of State could not bind his successor in office to a program of such deposits beyond the expiration of his present term in February 1967. Therefore, the low-interest loans made by banks to disaster victims from such funds probably will necessarily be short-term loans.

Efforts are being made by the superintendent of State police, the Director of Civil Defense, and Weather Bureau officials to work out an effective system of tornado warnings which will provide maximum protection against future weather problems. The details of such a system have not been developed.

Conclusion

It appeared to the committee that in spite of the contributions of the American Red Cross and other nongovernmental organizations and the participation of Federal, State, and local governmental units, many disaster victims will be left with considerable financial loss which is not compensated by insurance. The committee considered the question of recommending a program of direct grants in the form of cash payments by State government in such cases. However, it was the consensus of the committee that such a program would be a departure from previously existing policy and should not be recommended. Many suggestions have been made regarding proposed amendments to existing statutes to make State and local governmental functions effective for which precedent does exist.

The committee recommends that no special session of the general assembly will be recommended by the legislative advisory commission to Governor Branigin resulting from the problems created by the April 11 tornadoes. However, the committee does recommend that studies be continued by the Disaster Study Relief Committee in order that constructive legislation may be recommended to the 1967 general assembly in order that State and local governments may be even better prepared to relieve as many problems as possible in the event of similar disasters in the future.

Respectfully submitted.

JACK H. MANKIN,

Chairman, Disaster Relief Study Committee.

Mr. MANKIN. I have a couple of other comments I would offer, if the Chair is interested.

I was frankly quite surprised to hear the gentlemen from the HFA tell about some of the facilities of their agencies which would have been available in this instance in Indiana. Certainly, to my knowledge, this was never brought to the attention of any of the agencies working in the field in Indiana.

Senator BAYH. I agree wholeheartedly that this certainly was not the story that we were told when we tried our best to get this type of relief for Russiaville.

As you know, now, we have extended it through the appropriation procedure, which takes some time, and whatever assistance is available will then take additional time.

Mr. MANKIN. It appears to me that there are fragmentary parts of other existing Federal statutes which perhaps would have applied here. How did anyone know about it? I do not know about it, and we have been studying the problem out there.

Senator BAYH. Let me say we did approach this specific agency to try to get assistance for Russiaville.

Mr. MANKIN. I see.

Senator BAYH. And this was not forthcoming. Community facilities does have water resources available, if they set up the proper corporations, but they do not have sewer facilities, and the testimony to which the gentleman is referring and the authority which he was relying on is in the housing bill now in the Congress, and we do not know whether it is going to pass or not. Certainly it is not on the books now. So I did not press him on that, because it just was not available. I think he was referring to his hopes that this bill passes, and that the other bill passes. I hope so, too. The provision in here would be duplicatory, but I say why take a chance?

Mr. MANKIN. This is to me a good argument in favor of this omnibus type of disaster relief bill, such as your S. 1861, where you have got these things spelled out.

Now, if it so happens that the President is given authority which otherwise already exists in some Federal agencies, the President can readily designate that agency, and I assume he would, probably, to handle that particular problem.

But to have these in a single bill, and a single statute would, I think, be of great importance, and that is why I am attracted by the omnibus approach of our S. 1861.

As to the warning systems, I hope that Superintendent O'Neal, of the Indiana State Police, will be here, because I think he has some more up-to-date information, but it is my understanding that one of the two major disaster warning systems which has been used by civil defense in the past can be made available now, because of the developments in intercontinental ballistic missiles, and a lot of other things I do not understand about. But this one type of warning system is now obsolete, and that one such system may now be released, and I think Mr. O'Neal will have more specific information on that.

The other comment I would like to make before turning the matter over to Senator McCormick is in regard to the proposal, as I understand it, which I did not know about until I got to Washington, of the Bureau of the Budget, if I am correct about that, for a sharing approach here, an insurance system which would include contributing factors in both State and Federal Governments.

I am a little bit wary of this system, frankly, Mr. Chairman, for the reason that as you well know, in Indiana, we do not have the authority to issue bonds and go into debt. Also, our legislature meets only once every 2 years. At that time, the legislature adopts a budget for the next 2 years, and in doing so, it generally is a pretty tight budget, which recognizes anticipated revenues, and uses up just about everything that it anticipates it is going to have coming in, so that I am afraid that Indiana might have a little difficulty establishing a very substantial contingency type of fund to match Federal funds.

Now if a tornado went through Indiana and Ohio, and Ohio had established such a contingency type fund, and if Ohio were prepared to match Federal funds, it would seem a shame for the people of Indiana, because their legislators had not been farsighted enough to establish the matching fund, that they would be denied this insurance coverage.

I do not think there is any guarantee that all States, even taking into account the fact that you suggest some equitable approach on the degree of participation, would participate. This is why I think, in my judgment, at least, anything that we are going to consider as sure fire in providing additional disaster relief, I think the essential cost and perhaps control, too, should be borne by the Federal Government.

Senator BAYH. May I ask one question on this?

I am quite well aware of the fact that State legislators do not like to have funds just lying around for which there is no specific purpose. They do provide our government in Indiana with a contingency fund, but this would not be large enough to meet any sizable emergency. This idea, which the budget is still in the process of developing, of course, would be over and above the provisions that are in the bill which you testified in support of. I wonder, in the event there was a substantial emergency, such as we just had in Indiana, if the legislature could not meet in 1-day session as we did on another matter, dependent upon the severity of the circumstances, and provide the necessary funds.

Mr. MANKIN. Well, Mr. Chairman, we could do that, surely, if we had anticipated budget surpluses that would have the funds there. Lacking that, we would have the problem which you well know. There is a very difficult problem for State governments looking for new sources of tax revenues. So I would say that the 1-day session notion, to establish the funds, or to make the appropriation, would be all right if we had a sufficient surplus.

Senator BAYH. Our major problem, of course, and the thing that this would try to deal with, is those particular cases where you have to give an individual a loan on top of a loan. The fellow that has a little equity in his house, and a long-term obligation, and yet has his car and all his worldly goods swept away, still has the mortgage indebtedness. He is helped very little by another long-term loan, and this is what this specific program was designed for. I share your concern that we use great care to see that this be administered equitably by the States, and I still feel that the bulk of this burden has to be on the Federal Government, and that when we look at the cost-sharing basis, we should bear this in mind.

Thank you, sir.

Senator McCormick, you have a statement, I understand, also.

STATEMENT OF HON. KEITH McCORMICK, STATE SENATOR FROM
THE STATE OF INDIANA

MR. McCORMICK. Yes, sir, Mr. Chairman. I might say at the very beginning it is considered a privilege to appear before your committee in order to bring out these various facts, so your committee can be apprised of the great problem that we have witnessed after the tornado passed through.

In order to become acquainted, I am Keith C. McCormick, residing in Lebanon, Ind. I am a member of the Indiana State Senate representing Boone, Hamilton, and Tipton Counties. I own an insurance and real estate agency and 50 percent of my volume is with Hoosier farmers in the agricultural areas. I have been in the farm mortgage loan business for 20 years, representing the Prudential Insurance Co. of America in the agricultural financing and refinancing fields.

Certainly I do not wish to belabor you with meaningless facts, figures, and information pertaining to our disastrous Palm Sunday tornado which struck and literally destroyed some of the finest agricultural areas in the State of Indiana. There will be other testimony from other officials and citizens of Indiana, submitting to you pertinent damage facts and figures from the tornado in areas other than agriculture.

But, as a member of the Governor's, Governor Branigin's special disaster committee, I would like to dwell more on the tremendous financial loss suffered by the farmers in the tornado path.

To do this, I will use Boone and Hamilton Counties as examples, because they are most typical of Indiana's fertile and productive agricultural areas.

I submit to you a few photographs, Mr. Chairman, which will be for your use and the committee's, to give you a partial picture of the aftermath which is estimated by the disaster agencies and authorities that the property toll in Boone County alone is \$3.2 million and that approximately 12,000 acres of farmland were made desolate by debris.



Temporary morgue at Lebanon Armory shows first two victims of storm.



Governor Branigan during tour of devastation.



Dead horse casualties of Palm Sunday tornado between S.R. 39 and U.S. 52.
House on this farm was where Mrs. DeAtley died and Mr. DeAtley was injured.



Hospital scene showing a few victims on the night of the disaster.



A dog found roaming debris near Elm Swamp Road area.



Farmer surveys damage to home as newswoman for Lebanon Reporter gets comments.



Woman removes salvageable houseware from twisted home along S.R. 75 near Dover.



Family salvages unbroken dishes from home.



Truck, shown sunk in mud, was stripped to chassis. A Hopkins woman and her young son were killed and her husband critically injured in home which stood in the area immediately in front of the cars shown in the background.



The home of Tom Cunningham.



Tom Cunningham home shows damage looking from inside upstairs bedroom.



Scene showing gigantic tree uprooted and thrown across car by the fury of the tornado.



Tanselle car blown 300 feet from Elm Swamp Road to fence row against trees. Tanselle and woman companion were injured but survived. A girl was blown from the car and a search had to be made for her as she screamed for help.



Clothes only were salvaged from Boots Crane home.



Showing all that is left of Robert Lafollette's 26½ x 21 picturesque 3-story home west of Dover community.

The death toll in Boone County now stands at 23 persons with others still not out of danger from injuries received from the tornadoes.

I also submit to you that the average insurance coverage on the total property damage is less than 50 percent.

We realize that so much of the property damaged was not insurable, such as fences and wells, which in some instances were pulled from the ground, various utility facilities, trees, shrubs, and so forth.

In many cases, all livestock and machinery were lost; these two items alone were carrying tremendous chattel mortgages and now they have nothing to offer for security.

May I respectfully emphasize that the one very neglected area on the Federal level is that it is virtually impossible for our family farmers to qualify or be considered eligible for Farm Home Administration 3-percent disaster loans. Yet, we are told that they can qualify for 3-percent short-term loans for this year's crops only.

The fact is that these farm tornado victims sorely need Farm Home Administration 3-percent disaster loans, for refinancing existing indebtedness on chattels as well as real estate mortgages.

I have submitted to you along with my remarks a transcript of a disaster meeting which I called shortly after the tornado and which contains actual testimony from two very typical farmers who were hit by the disastrous tornado.

It is not uncommon for a young farmer who owns and manages a typical Midwest farm to have chattel mortgages on livestock and machinery of \$40,000 to \$60,000. They are obligated to these chattels from banks and other farm lending institutions with interest rates from 5½ to 6½ percent and, needless to say, this interest continues to grow.

I refer you to the Farm Home Administration Bulletin No. 441.2 under section 8(j) which disqualifies the Hoosier family farm disaster victim from receiving 3-percent disaster loans, wherein it states that—initial emergency 3 percent loans will not be made to applicants whose credit needs can be met with another type of Farm Home Administration loan.

Our young farmers today cannot possibly meet our Nation's production demands of tomorrow if they are not permitted, in cases of disaster, to refinance existing indebtedness at a rate of interest less than the prevailing interest rates, with perhaps interest and principal moratoriums, until they are able to undergo the tremendous expense of rebuilding and restocking their farm operation.

I, along with all the citizens of Indiana, wish to commend you for your conscientious and sympathetic ear to our problems, and stand ready to give you any additional information that you might deem necessary to determine whether Senate bill 1861 should be passed by the 89th Congress just as quickly as possible, to ward off the possibility of losing many young Hoosier farmers from the farm, who were left helpless from the ravages of the Palm Sunday tornadoes by financial destruction.

I would like to reemphasize, Senator Bayh, that to me, this Senate bill 1861 is about as vital as anything that we in our stricken area could have as a vehicle, and we do need it soon. I am fearful that by the year's end, with these farmers having the tremendous chattels, nothing to show for their security, and then they are forced to go out and borrow additional money at a high rate of interest, or at the prevailing rate of interest, and simple mathematics tells us that these farmers cannot dig out of this. They are headed for financial ruin unless we can get some refinancial possibilities.

This seems to me to be the one big answer, to refinance—the one word—refinance existing indebtedness at a 3-percent rate, therefore consolidating everything, getting the creditors off their backs, improving the economy of their community, because you must realize that many of these lending institutions and banks are carrying these people, but they have no way to stop the interest from building and building. So this is sorely needed.

(The transcript submitted by Mr. McCormick follows:)

TRANSCRIPT OF PROCEEDINGS OF BOONE COUNTY DISASTER REPRESENTATIVES AND AGENCIES

(Held on Monday, Apr. 26, 1965, in council room, Municipal Building, Lebanon, Ind., State Senator Keith C. McCormick, presiding)

ROSTER OF PARTICIPANTS

George Cox, Farmers Home Administration	Mrs. Eunice Hopkins, Secretary-Manager, Lebanon Chamber of Commerce
H. Roy Martin, attorney	John Donaldson, State representative
Robert Lafollette, Dover	Dr. Varner Saylor, chairman, Boone County Disaster Committee
John Robbins, Soil Conservation Office	Ned Boatright, chairman, Boone County chapter, American Red Cross
Tom Johnson, president, Boone County State Bank	Cleve McDonald, Red Cross volunteer
Andrew Houk, civil defense	Bill Russell, chairman, Salvation Army
Eugene Higgins, cashier, Citizens State Bank	Owen Hansen, the Lebanon Reporter
Winfred Kincaid, Agricultural Stabilization Board	Rev. John Washler, pastor, Assembly of God Church
Joe Robinson, county agent	Stacey Cox, county commissioner
Frank Hiland, Boone County Treasurer	Henry Walters, president, Boone County State Bank
Brewer Demaree, county commissioner	Bob Maze, county commissioner
Don Cox, Marion Township trustee	Ernest Shockley, Jefferson Township trustee
Herbert Ransdell, mayor, city of Lebanon	Don Roche, Adams Township trustee
James McConnaha, sheriff, Boone County	David Richey, chairman, Red Cross Disaster Fund
Hassil Schenck, Lebanon	Garnett Jones, civil defense
Robert Wills, Dover	

Senator McCORMICK. Since the tragic Palm Sunday disaster there have been many, many people working night and day trying to find a solution to the problems the tornado victims are facing today.

As you all know, there has been a special legislative disaster relief committee, appointed by Governor Branigin, of which I am a member. This committee will be meeting Wednesday to decide if a special session of the legislature is warranted in order to aid these people affected by this disaster, and any other disasters that the future might hold for us. I might say that I am on record as a legislator, and a member of the committee, that if a special session is deemed necessary, we have a 1-day session. If limited to 1 day, I feel that with meetings such as this one tonight, and proper study, we will know what we have to do and the majority of the legislators will be prepared to do so. I feel that there would not be any appreciable extra expense to the taxpayers because we have personnel that are trained and who are still working in the State house. Their office routine could be changed for this one day, and I am sure that we could accomplish our purpose.

I certainly am not here to tell you what I think should be done. All members of the legislative disaster committee are having meetings such as this one tonight and compiling all information possible. I, like the other members, am vitally interested in what I can obtain from this meeting so that I may in turn give the study committee an idea of what is happening here in our area. I think that now is the time to act; I think now is the time to find our solution for this situation and any future ones with which we might be confronted.

I would like to present our first speaker of the evening, Mr. George Cox, of the Farmers Home Administration. I think George has some information just received that will be of interest to all of us.

Mr. Cox. It is never a good idea to start out a talk with an apology. In this case I have put out quite a bit of publicity about the 3-percent disaster loans which are available from our agency; and I hate to say it, but we are not going to be able to do what I told you we could for the family-size farmer. We have said 3-percent loans would be available for household contents, machinery, livestock, and replacing buildings. Three-percent money is only available for crop expenses and up to \$2,500 for other purposes on a 1-year repayment schedule. Credit is available to disaster victims only if they are unable to secure loans elsewhere, including our regular FHA loan programs. Regular FHA operating loans can be obtained at 5 percent under the amount of \$35,000; over \$35,000 the individual becomes eligible for a 3-percent loan. A part-time farmer is compelled to take the 5-percent loan.

Senator McCORMICK. This is true even though this has been declared a disaster county?

Mr. Cox. Yes. Washington brought us up to date—a 4-percent loan to replace buildings to anyone, and we can take a second mortgage with real estate loans for building construction. A regular 5-percent real estate loan is available to refinance debtors, buy real estate, and so forth.

In order to receive any FHA loan the individual has to be turned down by other lending institutions. Keith and I are toying with the idea of talking to Washington to discuss it by phone.

Mr. MARTIN. What actions has Senator Bayh taken?

Senator McCORMICK. He has a bill readied for presentation, but I do not know the status of the bill.

Mr. Cox. To sum it up, FHA emergency credit is available for 1-year operating expenses. Our regular FHA loans are available for second mortgage real estate loans—operating expenses, machinery, livestock. We will work with local creditors and take over credit needs when their limits are expended. The 3-percent emergency loan is not available to the family-size farmer other than for current year crop expenses.

Mr. LaFOLLETTE. Is a 3-percent loan available in excess of \$35,000?

Mr. Cox. Yes.

Mr. ROBBINS. Three percent on operating expenses?

Mr. Cox. On operating expenses; on a 1-year basis when crop is sold.

Mr. JOHNSON. George has answered my questions on 3- and 4-percent loans. We have had customers in asking about the 3- and 4-percent loans and have not been able to tell them anything. I am going to work with them as far as banking laws are concerned. The Home National Bank can only loan a certain percent. We don't take second mortgages and George has answered that. Now I can talk with our customers and advise them of this information.

Mr. WALTERS. I spent the afternoon in the State treasurer's office. I don't know what I was expecting. There will be no relief from banking regulations and I can understand why. The banks are responsible to their customers. As far as this \$1 million that was deposited, this was primarily put in the bank in anticipation of the decrease in deposit volume. We can make it available at a lesser interest rate than it can be loaned otherwise—no 6 or 8 percent. There could be 5-percent disaster loans which must be bankable. This is the problem of loaning to farmers already in debt and whose property has been destroyed. As far as being bankable, no loan can be made when the collateral is gone. We will lean as far as we can, but it is a problem to know just how far to go; just where to draw the line. Something is going to have to be done to get even with the board and then follow steps and get started off again. They have nothing on which to borrow except real estate, and many don't even have real estate. We don't know what to do with the \$1 million and I asked the Deputy Treasurer if this was for 10- or 15-year loans. He advised that it was not; it was for immediate expenses.

Mr. HOUK. If a man has everything gone and a bank has no collateral, this automatically qualifies him for this disaster loan?

Mr. Cox. Yes, at 4 percent on a second mortgage.

Mr. WALTERS. We intend to work with George in this matter. Anyone having a mortgage should have enough insurance to cover the loss.

Mr. Cox. A disaster victim who has received his insurance money can use it to pay his chattel indebtedness and rebuy machinery, leaving his real estate debt standing; then FHA can come in with a second mortgage and rebuild his buildings.

Senator McCORMICK. The insurance carried on buildings does not mean this is replacement cost.

Mr. LaFOLLETTE. I could not begin to build back buildings destroyed on my farm with the insurance money received on them.

Mr. HIGGINS. This is an individual matter.

Mr. MARTIN. Banks and many lending institutions have strict banking regulations. These regulations will not be changed and will have to remain the way they are. People cannot be led to believe they are going to be getting cheap money. Banks and lending institutions have examiners and books have to be in order.

Mr. Cox. There is going to have to be a great deal of credit counseling. Our loans automatically have to be refinanced whenever the individual has progressed sufficiently that local credit institutions will take them over.

Mr. KINCAID. We do not have a very good picture. We will help any farmer needing feed for livestock. Concerning the feed and grain program, we know nothing about it. It has not been reopened in this area and any of his information will have to come out of Washington from the Department of Agriculture. We have made application for money to rebuild fences and clean up fields but we have nothing to offer as yet. We have asked for \$126,000 to do this work. As far as our office is concerned we have nothing to offer the individual. There are very few things that we can handle on the county level.

Mr. LaFOLLETTE. What can be done as far as taxes are concerned?

Mr. MARTIN. There is a provision under the Federal Revenue Code regarding Federal taxes wherein a person may take credit for this loss in either 1964 or 1965; but there is no provision to enable him to spread this loss over a period of years. The farmer's disaster loss has to be filed for either 1964 or 1965, and he has only the 1 year on which to claim the loss.

Mr. ROBBINS. We are an assistance-type agency advising the farmers what to do with their land and how to apply the different products. This land that was damaged by the tornado is level land and a lot of fences that were damaged were coming out anyway. Some farmers will go on to cash grain and livestock; probably will go ahead and farm the land as it is and stay out of livestock and go strictly to grain.

Mr. ROBINSON. Our extension service has an information and educational service available to farmers at Purdue University School of Agriculture. Agricultural information is available for farmers at no cost. It includes information on reconstruction or remodeling of the family home, etc.

There is information available on machinery, livestock facilities, and storage facilities. There is counseling on the subject of farmers' changing enterprises and also on field rearrangement. In total, ours is an educational and information service.

Mr. HILLAND. There is nothing yet regarding tax relief, statewide. I hope people can be relieved on the taxes they have already paid and have nothing to show for it now. Some had already been assessed. I do hope something can be done on these two points.

Mr. DEMAREE. Last Monday, out at the armory, there was a meeting of agencies that were going to contribute to the relief of the tornado victims and among those was the bureau of roads. We were instructed to make application through the Kokomo office, which we did that same evening. On Saturday we met with representatives of the bureau of roads and another agency that was responsible for the clearing of the streams and restoring sanitary facilities. Fortunately, the sanitary facilities were not destroyed, but the streams were clogged with debris.

After inspection by this agency, they said they would send in a report requesting a contribution of \$700 to clear the streams of Boone County, but pertaining only to such streams as were deemed clogged enough to dam the streams, taking out bridges, and destroying the highways. For example, a stream which runs through a particularly devastated area was as nearly clogged with debris as possible. The county surveyor said that \$700 would not even clear that one spot. This stream is in a wooded area which would have to be cleared before work on the stream involved could even begin.

The State bureau of roads traveled our roads in the tornado area and they were quick to inform us what they would not do, and what they would do added up to a very small amount. They would not pay for any clearing of roads. The charge for their equipment was on a scale basis; for instance, a road grader cost \$2 an hour. Concerning gravel which was swept off roads, their figure would amount to the cost of merely dusting gravel over the roads. We are just in doubt as to the cooperation of the bureau of roads in putting roads back in condition in the county.

The county equipment has been put to work with the farmers. We hope in another week to get the wire and sheet metal picked up across the county if the wire and sheet metal are placed at the roads.

Mr. COX. I have nothing to add to Brewer Demaree's report.

Mr. DON COX. I have nothing really to add. Thank you for your help. We need some kind of relief for these people who were completely wiped out. We have lost several people and many have lost a lot of buildings. For some there is nothing we can do now; for those remaining there will have to be something worked out for they are badly hurt.

Mayor RANDELL. I have nothing to say except that we, of course, want to offer people as much help as we possibly can give them.

Sheriff McCONAHA. Our main part in this disaster was the emergency phase when it happened, and immediately thereafter. We want to get together with the people who were immediately involved to see what we did right or wrong, and what we should do in the future—what can be improved, and so forth. We had a lot of good help. It is a problem to secure relief for these people without putting them further into debt.

Mr. JONES. There is nothing left but a batch of redtape. I think the legislators should get together and get relief for these people. It is hard for a young man to go into debt. To start over again when you are 50 or 60 years old is pretty hard. If the State would set up some kind of law to go 40 or 50 percent beyond what a man's insurance pays, then he could go elsewhere for the balance. Something is going to have to be done in the State government. I do not believe any of these people should have to pay personal property taxes on property they do not have now. It is going to be up to the State to make up this tax loss.

Mr. HOUK. This has been what is termed a natural disaster. At the present time we assist the Red Cross. In case of a national attack, the Red Cross would help us.

Mr. SCHENCK. I think we have the highway solution in our laps right now. Something happened in the last session of the general assembly. The State gets 52 percent of the motor fuel tax; 15 percent to the cities and 33 percent to the counties. For the months of May and June, the cities will receive 55 percent instead of 15 percent, and the counties will get 45 percent in lieu of the 33 percent; so that will give an extra 12 percent to the counties during the months of May and June. The distribution will revert back to the original setup the first of July. Thus Boone County will get more than otherwise and payments will be made monthly instead of quarterly.

It would be a good idea to study like situations in the Nation. One of the worst disasters was the Alaskan earthquake. Federal aid was given to them. There probably are many cases in the United States where tornadoes have destroyed areas; whereas this is the worst tornado disaster in Indiana's history. A committee should be formed to make a study in other areas to see what was done there, get their experience, and so forth, and study the solutions that have been affected throughout the United States.

The payment of taxes on property which they do not now have should be waived or altered in some way. The percentage affected was small enough so that taxpayers in the counties and townships could share part of the victims' tax burdens.

Senator McCORMICK. I have been asked by Senator Jack Mankin, president pro tempore of the Senate and chairman of our legislative disaster relief committee, to come up with typical losses—a young farmer who has quite a problem facing him, etc. I have asked two such persons to come here tonight and ask them to give us some idea of their own situations, and what they think they are confronted with to recover.

Mr. LAFOLLETTE. We don't really know what we are going to do. A sunny, bright morning you get up and you are ready to do. Then along comes a morning when temperatures are freezing and it is raining hard and you feel like throwing up your hands and giving up.

I lost every building on the place—house, all of the little buildings, personal belongings, lifetime collections valuable only to my family. There is no furniture at all you could recognize, and that is only the first part of it.

The fences were all destroyed. On the other farm $2\frac{1}{2}$ miles from my home and near Shannondale, it is the same story there—three small buildings, animal shelters, all destroyed. I have farmed this land for 6 years and the fence that was all new during this period is all gone. You don't actually know what to do. You have lost all the farmbuildings. The insurance coverage is not too high because of the interest payments due on the buildings. You do not have enough to build back; it is an impossibility. There may be enough to build yourself a house and tool shed. The barns are gone; the well casing at one barn was broken and the pump on the well at the other barn was broken off. We have no fences and not lots around these barns, or rather where these barns were. Maybe we can make it, but again maybe we can't. We'll have to get back into business somehow, if we can.

ROBERT LA FOLLETTE—STUDY CASE

How long in farming? Since seventh grade in school.

How many acres farmed? Four hundred and twenty farmed; owns 240.

Principally a livestock and grain program.

Total fence loss on two farms, \$13,000.

Farm home, \$15,000; garage, \$5,000.

Two barns, at \$9,000 each; hog barns and facilities, \$5,000.

Forty head of cattle, at \$115 each, \$4,600.

Sheep, \$700; no hogs.

Machinery loss: one-half loss, amounts to \$15,000.

Light poles and wires, 35 rod of wires: No amount can be placed.

Two wells at barns: One casing broken and the other pump was broken off and the pipe dropped into well.

Debris removal and miscellaneous (including small hand tools): If actually paid for, \$7,500.

Feed and hay, \$10,000.

Grain in storage: Salvaged some seed beans and corn, \$1,000.

Two hundred and four tons of new crushed stone on two driveways, at \$3.50 per ton, \$714.

Household goods and personal effects, \$12,000.

Truck, \$500 damage; auto, \$900 damage.

Winter wheat, one-half of 21 acres from debris; also, one-fourth of 37 acres from debris.

From \$500 to \$600 damage to bridge across creek.

Loss of pasture land: No amount can be placed.

Five apple trees, 4 cherry trees, 4 apricot trees, 12 peach trees; rose bushes pulled out of ground; large pile of new cedar fence posts.

Total insurance coverage, \$23,000.

Real estate debt, \$52,000.

Total estimated loss, \$115,940.

Mr. WILLS. I had 11 buildings; they were all gone; where I don't know. Fencing 280 acres is a lot of fences. The livestock is gone and that is where I made most of my money—on livestock. One morning you get up feeling good because the sun is shining and you pick up sticks a little faster. When everything is gone you begin to wonder: Why such a thing?

The fields we haven't cleaned are full of debris, trash, and so forth. You wonder how you will ever get them in farming condition again. I know I've got to go on, but you wonder if it is worth it.

ROBERT WILLS—STUDY CASE

How long in farming? Since seventh grade in school. Went out on my own in 1953.

How many acres farmed? Owns 280.

Principally livestock program with sideline of grain.

Total fence loss, \$12,000.

Farm home, \$20,000; two barns, \$8,500.

Garage, \$2,000; tool shed, \$3,000.

Double granary, \$5,500; shop and contents, \$3,500.

Portable hog house, \$250; two chicken houses, \$3,000.

Ten heifers with calf, \$250 each, \$2,500.
 Eleven heifers, \$225 each, \$2,475.
 Forty-five heifers with calf, \$175 each, \$7,875.
 Sixty 240-pound hogs at \$42.50 each, \$2,500.
 Thirteen sows at \$70 each, \$910.
 One hundred pigs at \$12 each, \$1,200.
 Farm machinery, \$30,000.
 Hay and feed, \$2,500. (Salvaged some corn and beans.)
 Winter wheat in field, 64 acres, one-half loss.
 Light poles and wire, two poles, 300 feet of wire.
 No wells lost.
 Household goods and personal effects, \$12,000.
 1965 Buick, \$1,500 damage.
 One-ton Dodge truck, \$2,400 (total loss).
 Debris removal if had to be paid for, \$5,000.
 Loss of pasture land: No amount can be placed.
 Total insurance coverage, \$39,000.
 Real estate debt, \$46,000.
 Total estimated loss, \$128,610.

Mr. LAFOLLETTE. As far as being cleaned up, we are far from that. We have had wonderful help but there is still a lot to be done. I had started before the tornado to clear a woods, but with all the cleanup work going on we can't work on that. We couldn't even revert back to using it for pasture—no cattle, no pasture, no fencing around pasture. Sure lost ground this year.

Mrs. HOPKINS I came in to listen and to let you know we are interested.

Representative DONALDSON. I was down at the statehouse today discussing the possibility of a special session limiting the subject strictly to tornado victims. We could be down there 40 days. I do certainly hope that if we do have a special session it is for this specific purpose. If a legislator wanted to introduce a bill altogether different from this subject, he could do so.

Senator McCORMACK. I agree that for this purpose the Governor would have to call a special session and for a limit of 40 days, but the legislators of each house can agree that no legislation will come up other than what would pertain to this specific subject, and be for a specified time.

Dr. SAYLOR. In the first place, Winfred covered it at the county level as of tonight. After our meeting tomorrow, we are hoping to gather a lot of valuable information that will give us authority to do the things that we feel are necessary. I would like to ask these two young farmers if, in their opinion, would any of you farmers go into the feed grain program if we should have it opened up to where you could put in 50 to 75 percent of your farmland program?

Another thing came up tonight during the meeting: What is to keep these young fellows from joining their resources and forming a corporation and getting their 3-percent loans?

Mr. BOATRIGHT. I will summarize briefly what we are attempting to do. Some people don't understand the Red Cross program. The following is a part of Red Cross services: Sound business principles, credit counseling, finding out what a person can do for himself and what he needs. The Red Cross will sit down with a family involved and work out a recovery program designed to fill the gap between what the family has and needs. These people are aided by outright gifts.

Finding a disaster, some people are hesitant to come to Red Cross because of the fear of redtape and the fear of having to make some kind of public announcement of their financial status. I want to assure you that any information given to the Red Cross is kept in complete confidence just as it would be should you be dealing with a lending institution. The Red Cross is going to contact these people who were wiped out, whether they be in homes or hospitals, and offer all the help we can. Encourage people in contact with persons affected to come to Red Cross and start their recovery program.

Red Cross can assist in buying food, clothing, rent, etc. The Red Cross does not make loans; they make grants to help people get started again. Older people are coming forward because they are wiped out but the people we seem not to be reaching are the young ones who hesitate to give their financial situation picture. Remember, these cases are handled very carefully and confidentially. Red Cross is here to help you.

Mr. McDONALD. Disasters never seem to strike when you expect them. We have had disasters of equal size, lesser size. The Red Cross has aided in 187 disasters since last July, each involving over 5 families. The Red Cross has been charged by the Federal Government to act as disaster agency for said Government.

Now is the time for you to come in for their assistance they are offering you. We will be the first to tell you we cannot assist you if we can't, and the first to tell you if we can. There will not be names disclosed at the board meeting to approve your grants; there will be numbers. We do not judge any case by another case. A lot of people have not made up their minds as to what they are going to do and this is natural. Therefore, some of them are not ready at this time to sit down and make plans as to where they are going and we are not going to force them into this position until they have a reasonable understanding of what they are going to do. A man 70 years of age has a hard time borrowing from a bank. Old people are coming in, either themselves or their families. Some are not going back into farming, feeling they are too old. We believe that the young group feels that life must go on and are beginning to make decisions about their futures. They may only need counseling, many may not even need financial assistance. Any financial assistance given will be in the form of a grant. They may make a donation but they will not make payments as such on the gifts given.

Mr. RUSSELL. A community of this size is not large enough to have a regular Salvation Army corps stationed here. There is a corps located at Frankfort, of which Lebanon is an extension unit thereof. The staff of the Russell & Hitch Funeral Home is the extension unit here in Lebanon.

In starting this relief fund, we did not expect the contributions to be so great nor did we expect the demand to be so low. There is to be a meeting of certain people in the community who will decide how this money collected in the Salvation Army Relief Fund is to be distributed. This money will be kept, however, right here in Boone County.

Mr. BOATRIGHT. The Red Cross fund will be spent here in Boone County on Boone County disaster victims. The Red Cross goal is \$100,000; the balance will be supplied by the national organization. As this fund is used, they hope to publish daily in the Lebanon Reporter the amount spent and the balance of the fund.

Mr. HANSEN. The newspaper has never experienced anything like this disaster. If we have printed material which has proven to be in error, we can only offer our apologies.

Mr. HOUK. The Civil Defense would like any suggestions or improvements you might have relative to their operations immediately following the tornado or in regard to the warning of an approaching tornado. It seems we were not warned until 7:45 of the approaching tornado for Boone County and it first struck in the Dover area at 7:55 which did not give people much time to take the proper precautions. We need the help of the local people to report any tornado or funnel cloud formation sighted.

Senator McCORMICK. As a recap of the meeting I present the following—we have had the suggestion of an outright grant or some fund which would furnish money; and this, I am sure we would all agree, would be more probable coming from Washington than the State. Banks are compelled to go by their strict rules and regulations and perhaps a postponement of interest due on existing indebtedness until these fellows get started again would help in some way. The crop feed program suggested might be one answer. The windfall on 2 percent gasoline tax for 2 months where the counties will receive more money may be a great help regarding improvement of roads and debris removal, etc.

Of course, we have had the report from the Red Cross and the Salvation Army and we all agree we are talking about thousands of dollars when in reality we are dealing with millions. We would all agree that steps should be taken for the existing situation as well as future problems that might arise. This proposed session of the legislature might be the answer to our situation.

I want to thank you sincerely for taking the time to come here tonight. I am attending the legislative disaster relief committee meeting Wednesday, and of course we will be having our Boone County meeting Wednesday night. Perhaps I will have some information at that time that will be of importance to us.

Mr. RUSSELL. Is there a list that I may obtain of all the people in Boone County affected by this disaster?

Senator McCORMICK. I have a list, which I might add is not guaranteed complete, that I took to the Governor and to Senator Bayh last week, which was furnished me with the help of several agencies.

Dr. SAYLOR. There are lists available at the county extension office and ASC office. They will be glad to furnish you with copies.

Senator McCORMICK. Is it true that we have approximately 7,500 acres under devastation, debris, fencing, etc.?

Dr. SAYLOR. There are 8,000 to 12,000 devastated acres.

Mr. KINCAID. The area measures 0.4 of a mile wide and 26 miles long.

Senator McCORMICK. What is the amount of total damage?

Mr. McDONALD. The following does not include fencing of farms or household furnishings:

Homes:

Totally destroyed-----	59
Major damage-----	27
Minor damage-----	24

Farm buildings:

Destroyed-----	102
Major damage-----	27

In first group, 80 were insured to 60 percent of value. This comes out to figures of over \$100,000; 70 percent of this is individual participation and 30 percent Red Cross participation.

Mr. WILLS. In regard to amount of fencing damaged in Boone County, on my farm alone there was 2,000 rods of fence destroyed, which at \$6 a rod would amount to a total fencing loss of \$12,000.

Mr. HOUK. Total damage in dollars for Boone County:

Buildings-----	\$1,192,000
Farm machinery and personal property-----	500,000
Fencing (300 miles)-----	500,000
Utilities, REMC-----	30,000
Bell Telephone (estimated)-----	75,000

A total of approximately \$2,300,000 total damage.

Senator McCORMICK. We may say then that less than 50 percent of the damage was covered by insurance.

Dr. SAYLOR. We do not have a correct current report on exact total of livestock loss.

Reverend WASHLER. We can give no financial aid, but with all the problems that exist, there is undoubtedly pastoral counseling required, and our agency service is available at any time.

Senator McCORMICK. I again want to thank you for taking the time. The information I have obtained will be most valuable for our committee use. All I can say to you is that with our experience so far, I would hope that one day we will get the necessary action for our problems.

Thank you all. Meeting is adjourned.

Senator BAYH. Well, I would like again to compliment both of you gentlemen for the active personal interest that you have exhibited Senator Mankin, as chairman of the committee, and Senator McCormick, having had the opportunity to tour your county with you and to view some of the freaks of that horrible disaster, and I am well aware of the compassion which you feel.

I might say, of course, it is the purpose, I think—Senator Mankin has very politely brought this out—but our intention is to provide for these loan provisions after insurance has been taken into consideration, and this is the equitable way of handling this.

Also, I might say, Senator McCormick, that yesterday we had some rather lengthy testimony by members of the Farmers Home Administration, in which we brought out the fact that there had been a great deal of misinformation. Now as of the middle of May, I think the

14th of May, the Secretary of Agriculture proclaimed a different policy from that which was in effect earlier. Why it took this long, I do not know. And there is no use looking at that now. I do not know whether some of your constituents who might have been turned down once now qualify under the new more liberal 3-percent proclamation that was made by the Secretary or not, but if they have not investigated this, I might suggest that you see that they do so.

Mr. McCORMICK. Right. Now could this be more on the ASC level than Farmers Home Administration?

Senator BAYH. I think it is both.

Mr. McCORMICK. Because there was little latitude given as far as adjusting and reprograming the crop program.

Senator BAYH. It is my recollection that I directed this question in criticism of the misinformation, or lack thereof, and we have the record, and can dig out for you the exact statement, but I just throw this up as something that I think you ought to look into for those who were turned down. I regret that it is taking so long to get this moving, but when you have a measure that is as comprehensive as this, covering a broad spectrum, you have to make a great effort not to get bad features into the bill. You are aware even on the State level that you cannot get things enacted as quickly as you would like, so it is taking longer but we hope to get a retroactive provision, and I think the financing, as you mentioned, is vital.

Thank you.

Mr. McCORMICK. Thank you, Mr. Chairman. Even now, even with the directive from the Secretary of Agriculture, this goes to the permanent refinancing of existing indebtedness. This would make the 3-percent loans maybe a little bit more available, for other than crops, so you see we still have the very first problem.

In other words, the very basic problem is still existing.

Senator BAYH. I think they did mention that they did not use their money for refinancing, but rather, for new loans.

Mr. McCORMICK. And refinancing is the word. That is what we have to have.

Senator BAYH. Gentlemen, I appreciate very much the inconvenience to which you were subjected coming all the way to Washington, and we have heard your testimony. For your interest in Indiana I am deeply grateful.

Mr. McCORMICK. Thank you, Mr. Chairman.

Mr. MANKIN. Thank you, Mr. Chairman.

Senator BAYH. We are fortunate in having with us this morning another of our senatorial colleagues, Senator Mondale. Unfortunately, his State has been affected by disaster in the last few months. In response thereto, the Senator himself has introduced a worthy piece of disaster legislation as well as helping in our joint effort, and, Senator, I know you have a very distinguished guest that you are here to introduce, and I am also very well aware of the fact that you have a pressing schedule with another committee meeting going on right now, and let us expedite this as rapidly as possible. Please feel free to leave at any time.

STATEMENT OF HON. WALTER F. MONDALE, A U.S. SENATOR FROM
THE STATE OF MINNESOTA

Senator MONDALE. Mr. Chairman, thank you so much for permitting me to appear in today's hearing. I am proud to join with the chairman in the sponsorship of S. 1861, the omnibus disaster relief bill of 1965, because it is a bill which goes far toward reaching needs which are presently unmet. It is a bill which was developed in the most responsible manner under the leadership of today's chairman, Senator Bayh.

This proposal was the result of hours of effort expended by the distinguished junior Senator from Indiana, and by those under his direction to develop a bill reflecting the consensus of the Senate as to the best way to deal with the aftereffects of natural disasters. I think S. 1861 reflects a high point in responsibility in dealing with this most important matter, and I believe the chairman is to be commended for his vision and leadership in this field.

Senator BAYH. Let me say thank you. You are very thoughtful, and you underplayed the part which you yourself had in this legislative effort.

Senator MONDALE. Thank you very much.

This last spring in Minnesota has not been a happy one. We had what was possibly the worst flood in our State's history, and what is possibly the worst tornado in our State's history. Both came upon the heels of a very serious drought in rural Minnesota the previous summer.

The toll of life, property, injury, of business and farm dislocation is one which is startling and shocking.

We were fortunate in Minnesota to have the present Governor occupying that office during this series of natural disasters. I have worked very closely with him during the tornado and flood situation, and I can testify that I speak for all of the citizens of Minnesota when I say that he performed magnificently throughout this series of disasters.

His personal appearance here today in behalf of this proposal is further evidence of his concern and mastery over the problems which relate to the natural disasters occurring in our State. I believe that the lesson which the performance of our Governor discloses is critically relevant to the proposal before this committee today, because I cannot imagine how a Governor could do more than he did. He harnessed every conceivable private resource, and thousands and thousands of individuals, students, businessmen, farmers, persons from all walks of life, contributed hours and hours of their time, days and days of their time attempting to mitigate Nature's wrath. Likewise, every conceivable local governmental, State governmental, and Federal governmental resource was brought to bear under the leadership and at the insistence of the Governor of our State.

The leadership he provided prevented incalculable losses. It permitted us to quickly clean up and return to as normal conditions as possible.

But despite this all-out effort, this maximum effort, we still find that there are enormous unmet needs which lie beyond the available resources which a vigorous Governor can bring to bear at all levels within our State. Mr. Chairman, I cannot conceive of any better

argument for the need of S. 1861 than the case history of what Minnesota has tried to do under the leadership of our Governor to meet these compelling human needs during the course of our series of natural disasters.

I take great pride in introducing the distinguished Governor of our State, Karl F. Rolvaag.

Senator BAYH. Thank you very much, Senator Mondale.

It is a tribute to have you and your distinguished Governor appear before this committee, with a major revision of as broad a scope as this, and covering so many different areas, I think it is imperative that we have a solid foundation of public support and draw on as much experience as we possibly can from those of you who have been personally affected with the various losses, the various deprivations, that occur in a situation like this. I want to thank you, Senator, for taking time from your schedule.

As I say, we are not trying to move you out of the room, but I do know you have another committee meeting, and feel free to stay or leave as you feel fit, and, Governor, I know it is a real sacrifice for you to come to Washington, and to take time from your busy schedule, and I am anxious to see and to have in the record the remarks which you have for us.

STATEMENT OF HON. KARL F. ROLVAAG, GOVERNOR OF THE STATE OF MINNESOTA

Governor ROLVAAG. Thank you very much, Mr. Chairman, and Senator Mondale.

As Governor of Minnesota, I strongly urge in the strongest possible terms the passage of the Disaster Relief Act of 1965, S. 1861.

During the summer of 1964 and the winter and spring of 1965, we, in Minnesota, were struck by a series of distressing and heartbreaking natural disasters beyond our control.

Searing droughts, very heavy snows, with a high moisture content, extensive flooding, and disastrous tornadoes have been our lot in the past year. Of these, the floods and tornadoes were the most spectacular and captured the headlines. The drought, however, was equally destructive.

The unprecedented flood waters brought severe hardships to thousands of Minnesotans and inflicted losses to individuals and families ranging from several hundreds to thousands of dollars, and tragically, claimed even life itself.

The cresting floodwaters had their most severe repercussions along the watersheds of the Minnesota River, the Mississippi River, and the Red River.

We have undertaken detailed and comprehensive aerial surveys of our Minnesota flood disaster areas. Extensive consultation have been held with officials of local communities, counties, and States and Federal agencies.

The Minnesota picture is not pleasant to behold. In summary, it is this:

The severe drought of 1964 resulted in crop losses of approximately \$111.2 million. To preserve foundation herds, it was necessary for me to obtain from the U.S. Department of Agriculture authority for

emergency livestock grazing privileges on conservation reserve land and wheat and feed grain diverted acreage for farmers in 32 counties.

The flooding of 1965 has made it necessary to extend these privileges to farmers in 44 counties. In addition, the 1964 drought made it necessary for me to request and receive emergency livestock feed grain purchase privileges for farmers in 29 counties and severe winter and spring weather this year has made it necessary to extend these privileges to farmers in 44 of Minnesota's 87 counties.

At my request, 65 of Minnesota's 87 counties have been designated as flood disaster areas by President Johnson.

We have conservatively assessed known 1965 flood damage at \$96.5 million.

From the Canadian border to Iowa and from the borders of North and South Dakota to Wisconsin, over 25,000 Minnesota residents were forced to flee their homes.

Severe financial hardship has been occasioned by loss of worktime; isolation from employment by severe road damage; extensive cleanup activities; damaged private facilities: homes and businesses; public facilities: roads and streets, bridges, culverts, ditches, schools, sanitary sewage plants, and costly emergency actions taken to save other public and private facilities.

There has been extensive and inestimable damage to natural resources in the State of Minnesota, including many intangibles and the loss of fish and wildlife which can never be completely calculated.

I must emphasize that complete assessment of Minnesota flood damages is impossible at this time. It will be several months before detailed and accurate estimates of damages can be calculated in the primary disaster areas which encompass 74 percent of Minnesota's counties.

As of June 10, for example, one county commissioner in north-central Minnesota reported to me that since April 1 he had been unable to reach his farm except by boat.

To give this committee better insight, I am submitting a 110 page document, "Minnesota Flood Situation Reports," prepared by the Minnesota Department of Civil Defense, which gives a day-by-day account of the flood during the most critical days from March 29 to April 26, 1965. Included here also is a summary sheet of the most recent flood and tornado losses expressed in terms of dollars.

On May 6, hard on the heels of the ravishments of the floods, a tragedy of great magnitude and greater horror struck more than a score of Minnesota communities.

An unprecedented family of tornadoes—6 confirmed tornadoes and strong, but unconfirmed, indication of 3 others—touched down on 24 rural and suburban areas to the west and north of the Twin Cities of Minneapolis and St. Paul. In less than 3 hours, 14 Minnesotans were killed, over 650 were hospitalized for treatment of injuries, over 10,000 homes sustained some damage. Approximately 1,200 homes were classified as destroyed by the tornadoes and many, many others suffered major destruction.

The casualties from these tornadoes—dead and wounded—would certainly have been far greater had it not been for the alertness of the U.S. Weather Bureau and the immediate response of the broadcasting media—both television and radio.

The U.S. Weather Bureau has been authorized by the State department of civil defense to sound the air raid warning signals in a case of this nature. The television and radio stations responded with full warning and emergency instructions. When the power failures occurred, hundreds of families turned to their transistor radios which enabled them to follow the paths of the funnels and protect their lives. Damage from these tornadoes in property alone has been very conservatively estimated at \$34.5 million. This property damage figure does not reflect the very substantial loss to wage earners unable to work and income to businesses unable to operate.

Within an hour after the tornado struck, I, with members of my staff, inspected the three hardest hit communities to participate in the relief and rescue operations.

There are few experiences in life which approach the well-nigh-indescribable night of calamity of May 6, 1965.

As a tank unit commander in World War II, I have seen destruction—bombing and shelling—organized and directed against communities. I have witnessed great personal tragedy.

Yet, nothing in my memory is more grim than the recollection of the night of May 6, 1965: the bereaved, the injured, the torment in the eyes of those separated from their loved ones; the shock and disbelief in the eyes of those whose homes had been totally demolished—broken and smashed into nothingness.

I will conclude this history with a brief account of the indomitable spirit of Minnesotans. In the defense and preparation before the floods, during the floods, and in the aftermath of the tornadoes, our people responded with heroism and a remarkable concern for their neighbors.

Thousands of volunteers responding from nearby, unaffected communities—a vast majority of them girls and boys in their teens—worked on the dikes and in the relief operations. No one can ever measure the amount of lives and property saved by their valiant efforts, nor ever adequately repay them for their efforts. And, to their great credit, they sought no compensation.

The victims of the disaster have demonstrated a rare courage and strong will. Minnesota, which experienced drought in the summer of 1964, storms and floods in the late winter and early spring of 1965 and tornadoes in May of this year, is rebuilding.

I have talked with many hundreds of Minnesotans at disaster sites. Their resiliency, their tenacity, their toughness, adaptability and strength of character has instilled in all Minnesotans a great pride in ourselves and great optimism in our future.

I speak now for all those in America who have been or will be affected by a major natural disaster when I say that the legislation which you consider today is greatly desirable and sorely needed.

I have read and analyzed S. 1861 carefully. I strongly support the concept of Federal loan adjustments as they apply to several Federal departments and agencies—the Farmers Home Administration, the Rural Electrification Administration, the Housing and Home Finance Agency, the Veterans' Administration, and the Small Business Administration.

Over \$90 million in private property damage was sustained by Minnesotans from floods and tornadoes. Federal loan adjustments would be of immeasurable benefit in the face of such losses.

Further, there is need for Federal and State participation to re-finance outstanding mortgage obligations, to provide shelter for disaster victims, to permit insured disaster loans, to grant time extensions to farmers to comply with eligibility requirements for participation in Department of Agriculture programs, and to render assistance to unincorporated communities.

The provisions of this bill relating to elementary and secondary school assistance, to school construction assistance, and to assistance for school expenditures in major disaster areas are meritorious and necessary.

The provision to permit 100 percent payment for repair and reconstruction of any Federal-aid highway necessitated by a major disaster is most important. In Minnesota over \$12 million in flood damage resulted to our federally aided system of highways.

This, was over \$12.5 million in flood damage to our nonfederally aided system, has resulted in great hardship to our State and governmental subdivisions. Under the present 50-percent-payment formula, we must curtail our highway construction program.

I support the provision which authorizes the Office of Emergency Planning to make 50 percent reimbursement to individuals, partnership and corporations and others for emergency flood protection where local units of government are not able to provide such protection.

Gentlemen, I strongly urge the passage of S. 1861. The people of Minnesota—and the people in other disaster areas of the United States—have demonstrated a magnificent ability to react to adversity and to disaster. Now, the political leaders of the United States must demonstrate understanding and responsibility by passage of the Disaster Relief Act of 1965.

In conclusion, I would like to pay the respect and express the appreciation of the people of Minnesota to President Johnson, Governor Ellington and his staff in the Office of Emergency Planning, to Secretary Freeman, and the Department of Agriculture, to the Army Corps of Engineers and the district engineer, Lieutenant Colonel Harding, Mr. Joseph Strub, of the U.S. Weather Bureau, the Minnesota National Guard, and all other Federal and State agencies which cooperated so marvelously in a coordinated effort to assist us during our period of trial.

Mr. Chairman, I believe you have a copy of the tabulation of the dollar estimates of these several disasters in Minnesota. I would like to call to your attention that the combined dollar value of loss in Minnesota during 1964 and 1965 from droughts, snows, floods, and tornadoes represents a figure of over \$243 million—a very substantial loss in a State the size of Minnesota.

(The tabulation submitted by Governor Rolvaag follows:)

Natural disasters—Minnesota, 1965

Floods:

Debris clearance, protective measures, dikes, levees, public buildings, public utilities-----	\$12, 000, 000
Streets, roads, bridges (FAS)-----	12, 000, 000
Streets, roads, bridges (non-FAS)-----	12, 500, 000
Estimated public property damage-----	36, 500, 000
Estimated private property damage-----	60, 000, 000
Total estimated loss-----	96, 500, 000

Tornadoes:

Estimated public property damage-----	4, 500, 000
Estimated private property damage-----	30, 000, 000
Total estimated loss-----	34, 500, 000

Floods (May 31 to June 6)

Streets, roads, bridges (FAS)-----	160, 000
Streets, roads, bridges (non-FAS)-----	313, 000
Estimated public property damage-----	473, 000
Estimated private property damage-----	250, 000
Total estimated loss-----	723, 000

Grand total estimated damages----- 131, 723, 000

NOTE.—The American Red Cross estimates that it has expended to date the sum of \$630,320 for family relief due to the floods and tornadoes.

Natural disaster, agriculture—Minnesota, 1964-65

DROUGHT, 1964

Produce:	Value loss
Corn-----	\$70, 286, 000
Oats-----	15, 000, 000
Hay-----	26, 000, 000
Total-----	111, 286, 000

Federal assistance:

Counties

Emergency livestock grazing privileges-----	32
Emergency feed grain purchase privileges-----	29

FLOOD, 1965¹

Federal assistance:

Counties

Emergency livestock grazing privileges-----	55
Emergency feed grain purchase privileges-----	44

¹ Flooding and heavy rains have prevented many of our wheat and feed grain farmers from planting this spring. The present farm law prevents direct price support and wheat certificate payments to farmers who have not planted their crops. The loss of these farm program payments will cause extreme financial hardship to Minnesota farmers. Therefore, I urge support for legislation sponsored by Representative Stanley L. Greigg, of Iowa, which will authorize price support and wheat certificate payments in disaster areas only on the basis of permitted acres rather than planted acres.

Governor ROLVAAG. I also will present to the committee a copy of these flood situation reports, before we leave.

Senator BAYH. Rather than including all of these reports in the record, I think the major purpose can be accomplished by placing them in the committee files, so the entire document does not have to be reprinted. However, I personally intend to look at these closely.

Governor ROLVAAG. I might say, sir, if I may, I note in the bill that there is a provision for the use of civil defense warning systems. Frankly, I do not know whether our civil defense system in the Minnesota department has violated Federal or State statutes, but we did have a warning system worked out with the U.S. Weather Bureau, for a disaster exactly like we had on May 6. The very fact that the Weather Bureau could provide an air raid warning system, without any question, saved hundreds and hundreds of lives.

The schoolchildren, particularly, were aware of what the warning signal was, and in one community, where the warning system did not work, we suffered the largest percentage loss of life.

Senator BAYH. This is interesting information. I am certain that the provision that you have in Minnesota is not a violation of Federal statute. It is my understanding that there is leeway to do this, but that the States have been negligent, and have not showed the farsighted approach to this problem that you have, and it is our feeling a declaration of Congressional intent, plus provisions to study the feasibility of this, would enhance the possibility of other States doing what Minnesota has already done, and to your credit, sir.

May I ask you to give me your thinking concerning a proposal that the Bureau of the Budget has recently discussed with us, which would provide in addition to the provisions of the bill before you, a cost-sharing grant program, in which the Federal Government would bear the major portion of the burden. Yet the individual himself would share part of the loss, and the State government involved would have to match some of the Federal funds to provide for those who have no collateral, who could not qualify for the liberal provisions of the measure before us, or who would be confronted with having a mortgage on a mortgage, in effect, having a home swept away that has a large mortgage, and then having to get another loan to rebuild.

What would be your thoughts on this as Governor about the availability of State matching funds for a program such as this?

Governor ROLVAAG. I think the States have to assume some responsibility in these areas. I would think such a provision would be particularly helpful in the flood areas, where there is no insurance available—we can insure against wind damage and tornado damage—or be particularly helpful in the areas of the flood damage, where insurance is not available.

Senator BAYH. I noticed a similarity in the figures regarding the loss to Federal highway programs and State highways and other highway losses in your flood situation. This morning, Mr. Whitton, of the Federal Bureau of Roads, was before us, and I tried to stress to him that by the time the State got through expending its funds to restore the farm-to-market roads and city streets, where the State alone has the responsibility, that it would be contributing equally with the Federal Government, if the Federal Government bore the entire burden for restoring Federal highways. Rather ironically, your figures

seem to match this out, dollar for dollar, with 12.5 loss in the one, and 12 in another.

Governor ROLVAAG. I might say, sir, that these figures are probably not on the Federal system, because generally in those areas the water damage has been pretty well assessed by engineering teams at the present time. But there are farm-to-market roads that are still under water, and we will not know the damage until that water recedes. As I mentioned in my testimony, we have a county commissioner in north-central Minnesota who since the first of April has not yet been able to get to his farmstead except by boat. And there are farm-to-market roads in that section of Minnesota which are under water, and will be for some time.

Senator BAYH. It is pretty difficult to plow or to plant corn by boat.

Governor ROLVAAG. Pretty hard to plant corn by boat. I was very happy to see the legislation which was passed by the House yesterday which permitted the extension of the agricultural programs to those farmers who have planned, but have been unable to plant their acreages because of natural disasters.

Senator BAYH. As you know, one provision of our bill would give the Secretary of Agriculture more incentive for utilizing the present programs. I noticed that in Minnesota, you have had the cooperation of the Department of Agriculture to a large extent in your job, as well as in your flood. Is that correct?

Governor ROLVAAG. Yes, sir. In the flood situation, food supplies became, of course, a critical matter in many areas; USDA surplus stocks of food were made available to the Red Cross and to the supplying agencies in the feeding stations.

Senator BAYH. Well, Governor, I appreciate very much your taking time to join us. Your expertise in this area will be very helpful in our record, and helpful in getting this measure passed.

Thank you for your help and for the tremendous job that you have done in Minnesota to try to meet these fantastic hurdles that nature has thrown in your way there.

Governor ROLVAAG. Thank you very much.

Senator BAYH. I trust that that silver lining is right around the corner as far as disasters are concerned in Minnesota.

Governor ROLVAAG. We were delighted in Minnesota, sir, to find that the Farmers' Almanac is sometimes wrong. The Farmers' Almanac had predicted an earthquake in Minnesota on June 12, and that was the last straw. In this case, the Farmers' Almanac was wrong.

I would like to point out one other thing, Senator, and this is that I suppose there are some flood situations that can be controlled. I mentioned heavier snows that we had had in Minnesota last winter, and the unusually high water content. The U.S. Corps of Engineers and our engineers had developed a contour map showing the contours of the heavy snowfalls. In central Minnesota, in a city called St. Cloud, we had over 40 inches of snow, and in that snow was water of 11 inches. Preceding the snows, we had a very sharp freeze, and extremely cold weather; late in the fall, a series of heavy rains, which froze, more cold weather, more heavy rains, and finally the snow, so the snow lay on a sheet of ice, all over central Minnesota. And we knew early in the spring—we had our last major blizzard on St. Patrick's

Day—and we knew then that we were going to be in trouble, because the water would not be absorbed into the ground.

The double tragedy is that if you superimpose the drought map on the flood map, it is an almost identical situation, and the benefits of the snow and the water were not felt by the drought-stricken areas, because the water ran off instead of sinking into the ground.

Senator BAYH. Thank you, Governor. We certainly appreciate your cooperation.

Governor ROLVAAG. Thank you.

Senator BAYH. Senator Hartke is on his way from the Finance Committee meeting. We will remain in session until he arrives.

Senator HARTKE. I am glad to have you with us. I announced that you had been detained because of your hard work in the Finance Committee. Knowing how much work you have done in this important area, I am glad you could find time to join us, and let us have your official statement for the record.

STATEMENT OF HON. VANCE HARTKE, U.S. SENATOR FROM THE STATE OF INDIANA

Senator HARTKE. Mr. Chairman, I am pleased to lend my wholehearted support to S. 1861, to provide additional assistance for areas suffering a major disaster.

This committee has heard considerable testimony relating to the disasters which have plagued our country this spring. The tragic loss of life and property has been well described. Other committees of the Congress have heard similar testimony as they considered additional relief legislation. The Congressional Record is replete with comments, criticisms, and proposals for improvement in the Nation's disaster relief programs.

The recent series of natural disasters has caught the country in a sad position as far as relief programs go. It started with the Alaskan earthquake. Then came the great floods of the Pacific Northwest, followed by the Palm Sunday tornadoes and the Mississippi River floods. These disasters were to test our relief machinery to the fullest. We failed. Our machinery was found rusty and inadequate.

I am convinced that S. 1861 is a good bill. There are other disaster relief proposals before Congress which also are good and should be enacted into law. All of these measures will go a long way toward streamlining our disaster relief programs. They will bring much needed relief to State and municipal governments, which are otherwise unable to meet the cost of repair or replacement for schools, highways, and other public facilities. More important, these proposals give increased attention to the individual who suffers grievous loss.

My chief concern is not, however, whether or not sufficient programs will be provided. I believe we are doing well in that regard. What concerns me is that once these programs are underway, will they be implemented swiftly in the event of another disaster, or will they become bogged down in bureaucracy as our present programs have.

Months after the Palm Sunday tornadoes, agency officials here in Washington were still mapping plans, initiating studies, expressing concern, and finalizing reports from the field.

This does not mean much to the farmer whose fence has been blown down. Months of paper work do not impress him much when his cattle are running all over the neighborhood. If he needs help, he needs it right away.

We must find some way to speed up the disaster relief programs. We must in some way encourage the agencies charged with aid to disaster victims to move swiftly and compassionately. The legislation tools we provide are of questionable value unless they are used expeditiously.

Congress cannot repeal disasters. I am aware that no matter what relief programs are provided, disaster will always bring heartbreak and personal losses. But Government does have an obligation to do as much as possible for the people it serves.

We must be sure that the disaster relief machinery at the local, State, and National level is ready at all times to act smoothly, efficiently, and quickly.

I thank you, Mr. Chairman.

Senator BAYH. Thank you, Senator. I will not burden you with questions, knowing how busy you are. I want to thank you, and also your legislative assistant for the cooperation that you and he exhibited in helping us get this joint bill underway, and for the efforts that you have made in other legislation.

Senator HARTKE. Thank you.

Senator BAYH. I would also like to leave the record open for statements which are forthcoming, one from Congressman Brademas, and from Congressman Roush. There may be statements which other Members of the Congress, the House and the Senate, would like to introduce, and I would like for them to have the opportunity to do so.

I will set a target date of noon on Thursday for the submission of these statement, so that we can get our record compiled in time to mark up the bill.

I would like to ask consent to include the testimony of other witnesses who were scheduled but who, because of transportation delays, have been unable to be here, and have this incorporated in the record as if they gave this testimony in person.

We are very fortunate to have with us now a man who has had first-hand experience with administering the disaster program in one county of our State, at the county level. Dr. Varner Saylor, from Zionsville, Ind., is the chairman of the Boone County ASCS Committee, and in this capacity, in the event of disaster, automatically is the individual in charge of the county program.

Dr. SAYLOR. That is right.

Senator BAYH. Dr. Saylor, it might be easier for everyone to hear if you would sit here in one of the middle seats by the microphone, please. We appreciate very much your taking the time and trouble to be here.

**STATEMENT OF DR. VARNER SAYLOR, ZIONSVILLE, IND.,
CHAIRMAN, ASCS COMMITTEE**

Dr. SAYLOR. My name is Varner Saylor. I am chairman of the ASCS Committee for a number of years and, naturally, chairman of the disaster committee from Boone County, Ind.

In order to identify our county, I would like to state that the first REMC lightpole that was set in the United States was set in our county.

Boone County, Ind., is still attempting to recover from that Palm Sunday tornado which ripped through 30 miles of our rich farmland, cutting a swath which averaged a half mile wide.

Many of our citizens were victims of that disaster and are doing their best to recover. Others find it difficult financially and some have given up.

Twenty persons were killed the night of the storm in our county. Two others have since died from injuries they suffered in the tornado. The night of the tragedy, 18 persons were hospitalized; about half of this number suffered injuries of a permanent nature. Another 33 persons were treated at our county seat hospital at Lebanon and an estimated dozen more were rushed to hospitals in surrounding counties.

Death to livestock has never been definitely ascertained although agricultural estimates place the figure at more than 500 cattle, 1,000 hogs, and 100 sheep. A count showed 113 farms with all buildings destroyed or badly damaged in the storm.

Estimates of the total property damage has been set at \$3.2 million. Red Cross officials predicted that about 60 percent of the total may have been insured in Boone County. The Red Cross has spent \$36,000 for aid to these stricken families and the Salvation Army has distributed about \$6,800 equally among 140 persons who lost their homes.

An estimated 300 miles of fencing was destroyed. None of it was or could be insured; 12,000 acres of farmland has been cleared of debris. Much of this was done with volunteer labor, including 85 inmates from the State Farm for 4 days, from friends, neighbors, and high school students. Much of it was paid for when \$31,765 of Boone County's \$114,400 appropriation under practice F-4(c) which authorized Federal assistance for debris cleanup. It was the teamwork of FHA, Agricultural Extension Service, SCS, church organizations, civil defense, and keymen in each area.

We find the farm hardest hit is the old established homestead in our area. He is the man who has lived on the same farm for many years and was ill-prepared for such a disaster. He had his home and farm belongings insured with prices the day the buildings were first constructed. His insurance will build only a third of what he actually lost. He found little assistance from the Red Cross, because he was not a poverty case. But he is generally too old to completely rebuild and he has no collateral left to begin refinancing. Many farmers in this same situation still debate a return to the farm.

Another hardest hit by the tornado is the young farmer. He rented other farms. Most of the equipment was destroyed, except the mortgage. He was in debt after purchasing his farm. The tornado struck, demolishing his home and all farm buildings. He carried a small amount of insurance.

In many cases, the hospital bills for injuries could not be paid for by the Red Cross because he is not a charity case. But his mortgage payments do continue. Plowing and planting on disaster farms reported from 5 to 21 tire punctures, requiring new tires on some tractors. The cleanup of his land took much time, and his taxes are coming due

on last year's house, farm buildings, and equipment which he does not possess today.

Most farmers have made two or three applications under different practices.

Some 115 applications have been made under practice F-4(c) (2) which provides for restoration of fences destroyed or materially damaged by a tornado. To date, no approvals have been made. This practice in our county is sorely needed for livestock farming rather than the 12,000 acres of feed-grain farming which is not needed at this time.

In conclusion, gentlemen, may I point out in all objectivity that our county was not one of transients and most of the farms destroyed were of good caliber. The people were independent and hard working. They are not ones to ask charity but they are not ones either to refuse any effort which might be allowed them in order to get back to their farms, till their soil, and attempt to take up where nature abruptly caused them to leave that tragic Palm Sunday of this year.

And, by the way, we have studied the Senate bill. We have had it with us. If the Senate bill 1861, was in force as it pertains to agriculture, our disaster farmers would be given the financial assistance, so urgent at this critical time, and it is my hope this Committee on Public Works is favorable to its passage.

Thank you.

Senator BAYH. Thank you very much, Doctor. May I have the privilege of asking you a question or two?

Dr. SAYLOR. Of course.

Senator BAYH. Regarding the debris clearance assistance which was granted, how does one go about applying for that, and how do you qualify, and what are the terms thereof, please?

Dr. SAYLOR. Now, when he comes in, a man asks for an application or the form. It is the same form that we use in our participation of line or any other program that he wants to take home. Then after he has finished, I want to show you this—and by the way, Senator, here are some pictures taken the day you looked this over.

And this is more or less of a sketch of the tornado, as it came into the western area, from Montgomery, and left this over here.

Senator BAYH. On this, the debris cleanup, is this an outright grant, or does he get a certain percentage of the money, or does he have to specify that he is unable to get the money to do this from some other source?

How does it work?

Dr. SAYLOR. It is set up the same as you would have on other programs, 80 to 20. The Government pays 80 percent and he pays 20 percent.

Senator BAYH. Of debris cleanup?

Dr. SAYLOR. Of debris cleanup.

Now here is the first one that was submitted to us, and this is more or less true of the proportion between voluntary hours, and paid hours.

Senator BAYH. To show the 4-to-1 contribution of voluntary hours to pay hours, which is a tribute to the people in the area.

Dr. SAYLOR. Thank you. Now that is a type of work that it was almost impossible to hire ordinary laboring men to do. The only

people really interested were your brothers, your in-laws, and personal friends, that would come out there and work and pick up. We set up headquarters down at the 4-H building. We had the civil defense in there with their system of communications, and with all of this in here, we had 2,000 men in the field on that Saturday, following the tornado.

Senator BAYH. Yes; I saw part of this when I was in the county.

Dr. SAYLOR. Yes.

Senator BAYH. On the fence, Doctor, is the fence applied for in the same manner on an 80-20 basis?

Dr. SAYLOR. That is right. Now we have, as I said in the report, not approved the fence yet, but we do have something like 100 applications in.

Senator BAYH. What does it take to get approval when you have got 300 miles of fence down? Why is there such a long delay?

Dr. SAYLOR. That ruling in the handbook is just slightly questionable in our minds.

Senator BAYH. They just wanted to phase it into the conservation practices.

Dr. SAYLOR. Yes. Now that is one point we would like to have clearance on so that we are absolutely sure that it can be applied in helping to reestablish these fences.

Now we speak of it in the area involved, but maybe the adjoining farm, the buildings on the other road, were not involved, but the line fences where these came together, and he cannot get this cleared off until this boy gets straightened out.

Senator BAYH. I appreciate very much your taking the time to come here and join us, and get this all down in the record.

Dr. SAYLOR. I have a number of copies, if you need them, and I would be glad to leave them.

Senator BAYH. I appreciate the effort that you have made to help these people get back on their feet.

Dr. SAYLOR. Well, we need them, and they are our neighbors, and they are just good farmers, and if you can get them over this one rough spot, in a few years they will be back on their feet, and hitting their stride again.

Senator BAYH. Thank you very much.

Dr. SAYLOR. Thank you.

Senator BAYH. Since there is no further testimony to be taken at this time, we will call this session complete.

(Whereupon, at 12:45 p.m., the committee adjourned.)

(Subsequently the following statements were submitted:)

STATEMENT OF HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR FROM THE STATE OF NEW JERSEY, ON S. 1861, BEFORE THE SUBCOMMITTEE ON FLOOD CONTROL, RIVERS, AND HARBORS

Mr. Chairman, I appreciate this opportunity to express my views on this piece of legislation which I have had the privilege of cosponsoring. It seems we receive new impetus almost daily to enact this legislation into law. The events of this week in Colorado are only the latest manifestation of the hardships that nature imposes upon our people. I am sure that it would be heartwarming to the brave people of that State if we could tell them that when the waters recede, the benefits of this bill would be readily available to them.

As our populations concentrate in great urban areas, the threat of mass destruction increases. As our farmers expand their efforts into new fields, the

potential damage from natural disasters mount. In short, as our country progresses, the possibility of greater losses through floods, tornadoes, and earthquakes increases.

This bill extends the benefits of Federal assistance to those who suffer most acutely from natural disasters: the individual farmers, homeowner, and small businessman. Under existing plans, when a section is designated a disaster area by the President, small businesses are permitted to apply to the Small Business Administration for financial assistance in the form of inexpensive loans.

Unfortunately, this does not always bring about the desired solution. The present program is inflexible at best. Moreover, individual homeowners and small farmers are unable to take advantage of any program for Federal assistance.

Under the provisions of this bill, those devastated by a natural disaster are able to refinance mortgages which are not insured or guaranteed by any Federal agency. These mortgages will have a maturity of up to 40 years and the Small Business Administration is authorized to suspend payments of principal and interest for a period of up to 5 years where extreme hardship might result from immediate demands on the mortgages.

Another striking provision of this bill is the assistance furnished to the victims of disaster areas. When a family is routed from their home by the elements they no longer need worry over where they may find shelter while the extent of their damage is assessed. Upon a finding by the President that a dwelling accommodation has become uninhabitable due to a major disaster, and undue hardship will ensue if action is not taken, victims will be provided with accommodations until they are able to secure adequate facilities.

The great attribute of this legislation lies in its flexibility. The programs are capable of being administered as the local need dictates.

Victims of disaster areas need not suffer because their particular situation does not fit into an existing program. I suggest that we consider this legislation with dispatch so that we do not have to sit back and assess the damage of another area of the country and cite further examples of the need for such legislation. It is my hope that this bill becomes law before the waters recede from another disaster area.

STATEMENT OF HON. J. EDWARD ROUSH, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF INDIANA

Mr. Chairman, members of the committee, I wish to express my appreciation for this opportunity to present this brief statement on the need for an updating of the Federal disaster assistance program.

The manner and the degree in which nature's unleashed forces can wreak havoc and tragedy on a widespread scale in the space of but a few minutes was visibly impressed upon me on April 11 of this year.

It was on that day a series of tornadoes ripped and ravaged the countryside and many urban areas of Indiana. North central Indiana, the section hit hardest by these winds of unbelievable force, is my own congressional district.

There is no need for me to go into detail regarding this disaster. The chairman is well acquainted with the physical scene as it appeared in the wake of the storms. He also is well acquainted with the efforts made to expedite relief in the stricken areas because he played an important part in these efforts.

My main purpose in appearing is to call the committee's attention to one important omission in our present Federal disaster relief efforts. It was best expressed by the mayor of one of the cities in my district.

He was impressed at the speed with which the various Federal agencies appeared on the scene and began taking steps to literally pick up the pieces. He was impressed at the programs available to the various local government units to assist them in returning to normal.

He stood in the ruins of a residential area in his city as he made these observations. He felt called upon to make one more observation and it was this:

"But we still have a void in assisting people."

Mr. Chairman, members of the committee, I urge you as strongly as I can to include these words in the criteria of your efforts to make our Federal disaster assistance program more effective.

Consider what can and must be done for the individual whose life savings are wrapped up in a home now destroyed or who is burdened by a mortgage on a home now destroyed, and whose furniture and clothing, if any are left, are rendered unfit for further use.

It is my understanding there are provisions in the legislation now under study by this committee aimed at filling this void. I am in full accord with these provisions to establish a disaster fund for non-Federal-insured loans. I support the provisions in which the initiative and implementation of such a fund rests with the individual States. I support the proposal by which 75 percent of these funds would be provided by the Federal Government.

And if the committee action results in the inclusion of additional provisions which would enhance the Federal Government's efforts to assist the individual I shall support these as well. We must fill this void.

STATEMENT OF HON. JOHN BRADEMAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. Chairman, members of the committee, my name is John Brademas. As the Representative in Congress of one of the districts, the Third Indiana District, which has suffered most from one of the several recent natural disasters, I appreciate the opportunity to present this statement in support of the legislation you are now considering in this Senate committee and which I have introduced in the House of Representatives.

On April 11, 1965—last Palm Sunday—a devastating series of tornadoes tore through northern Indiana, leaving death and destruction in their wake. The loss to my district alone, with 54 dead, 242 injured, and property damage in the millions of dollars, was catastrophic. Hardest hit was the little unincorporated community of Dunlap, near Elkhart, where the desolation in some places was total and the individual suffering was and remains beyond total measurement or belief.

Three days after the holocaust. President Johnson, my colleagues, Senators Vance Hartke and Birch Bayh, Indiana Gov. Roger Branigin, Buford Ellington, Director of the Office of Emergency Planning, and I visited the stricken area. The crippling effects of the storm were overwhelming. The evidence of personal and community tragedy, on all sides, stunned and moved us all.

We were surrounded by the remnants of what had previously been clean suburban homes in neat subdivisions. Dunlap was a battlefield of broken boards, dirt, shattered glass, splintered furniture, and fragmented household goods. Neat rows of mobile housing units had been reduced to lifeless rubble.

Entire families were killed; others were deprived of one or more of their members. Hospitals were filled to capacity. The human loss was the worst of any natural disaster in memory.

We bear witness to all of this and more.

The people of my district deeply appreciated the President's personal visit. His presence brought home to the people of the Third Congressional District, and I am certain to all of the valiant people of the Midwest, that America shared their plight and stood ready to assist them.

For the most part the aid of the local, State, and Federal governments and of many private organizations and citizens to the wracked locale came quickly and effectively. Medicines, foodstuffs, provisions of all kinds, and temporary shelters were provided as the President, at the request of the State, declared the territory a "disaster area." However, necessary and comforting as these immediate short-term measures were, it soon became clear that Federal machinery required to give meaningful long-term resource therapy to the stricken individual or family either did not exist or fell far short of what was required. Economic aid in the forms of loan adjustment or mortgage assuasion came, if at all, too little and too late. The best available was just not enough.

We have found, to our dismay, in Indiana, as have other unfortunate communities, which have been victims of major disasters. that, notwithstanding the impressive battery of general Federal disaster relief relating to public property losses, as the people go courageously about the trial of rebuilding their homes, farms, businesses, and lives, little or no direct assistance is available to them. Our experience, and that of other hapless citizens in Alaska, Iowa, California, Minnesota, Oregon, Missouri, Washington, Idaho, Wisconsin, Kansas, and Colo-

rado, has made it clear that new legislation is required aimed at providing proper financial help for people who lose everything except their obligations in tornadoes, floods, hurricanes, tidal waves, and earthquakes. Our present knowledge of meteorology may limit what we can do to influence the weather, but it does not confine our compassion for those who have been damaged nor our responsibility to assist those whose lives have been devastated.

It is imperative that we act with dispatch. For some, such as farmers, help must come now or it shall be too late to revive their operations. There are many who desperately watch our actions and await our assistance. While we meditate, disaster, and its resulting toll in suffering, hovers in the wings. It would be unconscionable if another tragedy should find us unprepared.

The Nation can wait no longer. We, in Congress, must take the initiative. We must establish continuing authority to enable the executive agencies to deal adequately with the multitude of problems which follow every disaster.

It is within our power to mitigate the economic hardship which has been thrust upon some members of our community by forces beyond their control.

Therefore, I strongly urge the passage of S. 1861. Thank you.

STATEMENT OF HON. THOMAS H. KUCHEL, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Each year the forces of nature cause hundreds of millions of dollars' worth of damage. Several times in the last decade, parts of my home State of California have been ravaged by floods during the Christmas holiday season, and we are all well aware that such misfortune is not the unique burden of any particular region. The destructive forces of nature are unloosed, as flood and earthquake in the Far West, tornado and blizzard in the Midwest, and hurricane in the East; and with each such disaster, there follows a long and difficult period of rebuilding.

In the past, these natural disasters have been met by stopgap measures created either by Executive order or piecemeal emergency legislative enactments. I believe that the experiences of the past winter and spring have shown that this is not sufficient. There is a pressing need for some kind of permanent machinery for coping with natural disasters and their victims.

Such disaster situations must be attacked on at least four broad fronts. Of course, the primary concern is always the care and sheltering of the natural disaster victims; but with this done, the task is still far from complete. The long and difficult job of reconstruction and rehabilitation of the physical and financial structure of the victimized community still remains. This involves at least three areas, refinancing of mortgages and loans, reconstruction of public and private buildings and facilities, and rehabilitation of educational facilities. In short, what is needed is a continuing authorization to carry out such functions in the form of a natural disaster act.

With this four-pronged approach in mind, Senator Birch Bayh of Indiana, myself, and several others have cosponsored S. 1861, a bill to provide the permanent machinery necessary to effectively rehabilitate communities victimized by the rampaging forces of nature.

The bill provides for a comprehensive and permanent rehabilitation operation administered by the President of the United States and the heads of the executive departments, the primary purpose of which is to provide speedy and effective relief to the communities of major disaster areas. In my opinion, this bill effectively provides for both immediate aid to the victims of the disaster and long-term reconstruction and refinancing of both private and public property destroyed by such a disaster.

I strongly believe that a time of emergency is not the time for uncertainty and delay. On the contrary, it is a time when certainty and efficiency are paramount considerations. S. 1861 can provide the permanent machinery necessary to insure swift and effective rescue and rehabilitation programs.

For History on P.L. 89-769

DISASTER RELIEF ACT OF 1965

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON FLOOD CONTROL

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

S. 1861 and Related Bills

Part I

OCTOBER 14 AND 15, 1965

Printed for the use of the Committee on Public Works



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DISASTER RELIEF ACT OF 1965

THURSDAY, OCTOBER 14, 1965

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2167, Rayburn House Office Building, Hon. Kenneth J. Gray presiding.

Mr. GRAY. The Subcommittee on Flood Control will please come to order.

The Subcommittee on Flood Control is meeting this morning to consider a most important piece of legislation which has already passed the Senate, S. 1861, the Disaster Relief Act of 1965, and other similar House bills.

(S. 1861 follows:)

[S. 1861, 89th Cong., 1st sess.]

AN ACT To provide additional assistance for areas suffering a major disaster

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1965".

DEFINITIONS

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

(b) The Housing and Home Finance Administrator is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Housing and Home Finance Agency, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any

such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as defined in subsection 1855a(a) of title 42, United States Code. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

(d) In the administration of the disaster loan program under section 7(b) of the Small Business Act, any application for a loan thereunder in an amount of \$30,000 or less in the case of a homeowner, or \$100,000 or less in the case of a business concern, may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the required financial assistance is otherwise available from private sources.

(e) In the administration of subtitle III of the Consolidated Farmers Home Administration Act of 1961, relating to emergency loans, any application for a loan thereunder in an amount of \$30,000 or less may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the Secretary of Agriculture finds that the required financial assistance can be met by private, cooperative, or other responsible sources (including loans the Secretary of Agriculture is authorized to make or insure under any other provision of law).

(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS AND BUSINESSES

SEC. 4. (a) The President is authorized in accordance with the provisions of this section to provide assistance to the States in developing and carrying out comprehensive and practicable programs for assisting homeowners and business concerns suffering property losses as the result of a major disaster. For the purposes of this section, the term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

(b) From the sums appropriated pursuant to subsection (i) the President is authorized—

(1) to make grants to any State, upon application therefor, in an amount not to exceed 50 per centum of the cost of developing a program referred to in subsection (a): *Provided*, That the total grants made to any State under this paragraph shall not exceed \$250,000; and

(2) to make grants to any State, upon the basis of an approved State plan, to pay not to exceed 50 per centum of the cost of carrying out such a program.

(c) Any State desiring to participate in the grant program under paragraph (2) of the preceding subsection shall designate or create an agency which is specially qualified to administer such a disaster relief program, and shall, through such agency, submit a State plan which shall—

(1) set forth a comprehensive and detailed State program for assistance to homeowners and business concerns suffering property losses as a result of a major disaster;

(2) specify that the homeowner or business concern will assume 25 per centum of the property loss sustained by it as a result of such a disaster, and the State will agree to pay 25 per centum of such loss;

(3) provide that no homeowner or business concern shall be eligible to participate in such a State program unless the damage to the property of such owner or concern resulting from such a disaster exceeds 5 per centum of the value of such property prior to such a disaster, or \$100, whichever is the greater;

(4) specify that the maximum amount of loss to be shared jointly by the homeowner or business concern, the State, and the Federal Government under such a program shall be \$30,000 in the case of a homeowner, and \$100,000 in the case of a business concern.

(5) provide a means of appraisal to establish the fair market value of the property of such owner or concern damaged or destroyed as a result of such a disaster;

(6) provide assurances that equitable treatment will be accorded all eligible property owners;

(7) contain satisfactory evidence that the State will adequately supervise such program;

(8) provide such fiscal control and fund accounting procedures as the President deems necessary; and

(9) set forth such further information as the President may by regulation require.

(d) The President shall approve any State plan which complies with the provisions of subsection (c) of this section.

(e) No grant may be made under this section—

(1) for any loss for which private insurance is available and collectible in such State at reasonable rates;

(2) for any loss in a State which does not have approved flood-plain zoning controls or other similar preventive measures in force; and

(3) to any public agency or organization for the loss of any property owned by such agency or organization.

(f) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(g) Each State receiving assistance under this section shall, through its designated State agency, make such reports as the President may require, and each such agency shall, upon request of the President, make available its books and records for audit and examination.

(h) The President may exercise the powers conferred upon him by this section either directly or through such Federal agency as he may designate.

(i) Such sums as may be necessary to carry out the purposes of this section are hereby authorized to be appropriated.

SHELTER FOR DISASTER VICTIMS

SEC. 5. (a) The President is authorized to provide dwelling accommodations for any individual or family whenever he determines—

(1) that such individual or family occupied a house (as an owner or tenant) which was destroyed, or damaged to such an extent that it is uninhabitable, as the result of a major disaster; and

(2) that such action is necessary to avoid severe hardship on the part of such individual family; and

(3) that such owner or tenant cannot otherwise provide suitable dwelling accommodations for himself and/or his family.

(b) Such dwelling accommodations, including mobile homes, as may be necessary to meet the need, shall be provided through acquisition, acquisition and rehabilitation, or lease. Dwelling accommodations in such housing shall be made available to any such individual or family for such period as may be necessary to enable the individual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance. Rentals shall be established for such accommodations, under such rules and regulations as the President may prescribe and shall take into consideration the financial ability of the occupant. In cases of financial hardship, rentals may be compromised or adjusted for a period not to exceed twelve months, but in no case shall any such individual or family be required to incur a monthly housing expense (including any fixed expense related to the amortization of debt owing on a house destroyed or damaged in a disaster) which is in excess of 25 per centum of the individual's or family's monthly income.

(c) In the performance of, and with respect to, the powers and duties conferred upon him by this section, the President may—

(1) prescribe such rules and regulations as he deems necessary to carry out the purposes of this section;

(2) exercise such powers and duties either directly or through such Federal agency or agencies as he may designate;

(3) sell or exchange at public or private sale, or lease, any real property acquired or constructed under this section;

(4) obtain insurance against loss in connection with any such real property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any such real property; and

(6) include in any contract or instrument made pursuant to this section, such conditions and provisions as he deems necessary to assure that the purposes of this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER LOANS

SEC. 6. Section 221 of the National Housing Act is amended by striking out “or as a result of governmental action”, in subsections (a), (d) (2), (d) (3), (d) (6), and (f), and inserting in lieu thereof “, as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes’, approved September 30, 1950, as amended (42 U.S.C. 1855–1855g)”.

ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

SEC. 7. (a) The Secretary of Agriculture is authorized to make grants to farmers whose farmlands or livestock have been damaged as the result of a major disaster. Such grants shall be made (1) for the purpose of assisting such farmers to prepare such lands for cultivation and to restore such lands or livestock to normal productive capacity, and (2) only in the case of lands on the farm normally used in the production of an agricultural crop. No grant shall be made hereunder to assist in restoring lands or livestock to production unless the Secretary determines that the cost of preparing such lands for production has been increased as a direct result of such major disaster.

(b) The amount of the grant authorized under this section in the case of any farmer shall not exceed an amount determined by the Secretary to be equal to two-thirds of the total cost of preparing the damaged lands for cultivation and restoring them to normal productive capacity, and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

(c) The Secretary is authorized to impose such reasonable terms and conditions on the making of such grants as he determines necessary to carry out effectively the purposes of this section.

(d) Such sums as necessary to carry out its provisions of this section are hereby authorized to be appropriated.

DISASTER WARNINGS

SEC. 8. (a) The Secretary of Defense is authorized to utilize the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a).

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 9. (a) The Act entitled “An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes”, approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and by adding the following: “and includes any rural community or unincorporated town or village with respect to which the head of the Federal agency concerned determines that (1) there is a need for assistance under this Act, (2) the furnishing of such assistance is feasible, and (3) it will be effectively utilized”.

Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926) is amended by adding the following new subsection

(c): "In areas which have suffered major disasters the Secretary is authorized, without regard to the limitations of subsection (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems, water systems, and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost for such services in comparable communities in the State.

(b) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN DISASTER AREAS

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting, immediately after the last section of that Act, the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 16. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities;

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged; and

"(5) to the extent that the operation of private elementary and secondary schools in the school attendance area of the local educational agency has been disrupted or impaired by such disaster, such local educational agency has complied with the provisions of section 7(a) (3) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), with respect to provisions for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate,

the Commissioner may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act, and from the proceeds of insurance,

may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b) (1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b) (1), shall apply with respect to this section."

SEC. 2. The Act of September 30, 1950, as amended, is amended by inserting, immediately after section 6 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS

"SEC. 7. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe,

and if the Commissioner determines with respect to such local educational agency that—

"(2) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency, and

"(3) to the extent that the operation of private elementary and secondary schools in the school attendance area of such local educational agency has been disrupted or impaired by such disaster, such local educational agency has made provision for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate: *Provided*, That nothing contained in this Act shall be construed to authorize the making of any payment under this Act for religious worship or instruction, the Commissioner may provide to such agency the additional assistance necessary to provide free public education to the children attending the school of such agency, upon such terms and in such amounts (subject to the provisions of this

section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five fiscal year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster, taking into account the additional costs reasonably necessary to carry out the provisions of subparagraph (3) of this section. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

“(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

“(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provision of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

“(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

“(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.”

HIGHWAY ASSISTANCE IN DISASTER AREAS

SEC. 11. (a) Section 120(f) of title 23 of the United States Code, relating to the Federal share in emergency highway relief, is amended by inserting before the period at the end of the first sentence a colon and the following: “*And provided further*, That the Federal share payable on account of any repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855(a)), may be as much as 100 per centum of the cost thereof”.

(b) Section 125 of title 23 of the United States Code, relating to emergency highway relief, is amended by striking out the second sentence and inserting in lieu thereof “There is authorized to be appropriated from the General Fund not to exceed \$50,000,000 for the fiscal year ending June 30, 1965, and not to exceed \$50,000,000 for each fiscal year thereafter for the purposes of such fund”.

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 12. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities; or

(2) under the United States Housing Act of 1937 for the provision of low-rent housing;

priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

SEC. 13. (a) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which has been damaged as the result of a major disaster, and which has been specifically authorized by Act of Congress, without regard to any other statutory limitation on the amount which may be appropriated in connection with such project.

(b) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any public highway, road, trail, street, or bridge determined by the Director of the Office of Emergency Planning to be damaged or destroyed as the result of a major disaster and which is not eligible for repair or reconstruction under section 125 of title 23 of the United States Code. The Federal share of the cost of any such repair, restoration, or reconstruction shall be determined by such Director and may be as much as 100 per centum of the cost thereof.

DUPLICATION OF BENEFITS

SEC. 14. The head of each department or agency of the Government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner which will assure that no such person, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

Passed the Senate July 22, 1965.

Attest:

FELTON M. JOHNSTON,
Secretary.

Mr. GRAY. Interest in this legislation has been widespread, and this is evidenced by the fact that similar legislation has been introduced by many Members of the House covering essentially the field that is covered by S. 1861.

This legislation encompasses a vast field and would involve the operations of a number of important agencies of the Federal Government. As a result, the committee intends to give careful consideration to this legislation, and it hopes that whatever it may report will be the final answer, or as close to the final answer as can be, to a problem that has been pending before this Congress for many years.

Under present legislative operation, whenever a disaster strikes, be it hurricane, tornado, or flood, throughout the years the Congress has found it necessary to pass special legislation. Insofar as this committee is concerned, this has taken place twice in the present session of Congress, once in the Pacific Northwest Act which has become a public law, and, second, legislation which was ordered reported from the committee just yesterday, the Southeastern Flood Act of 1965. It may be that future events will require in many cases a continuance of enactment of legislation in various areas as these disasters strike. However, S. 1861 and similar House bills which are before us today, I believe, are a very strong effort to provide the necessary standby authority which will automatically shift into high gear when the President, under the power delegated to him by the Congress, declares a so-called major disaster area. This committee had firsthand experience in this particular field this year, and it has made no less than six trips to areas that have been devastated by natural disasters. This covers the field from the Pacific to the Atlantic coast.

With the thorough knowledge and experience it has gained by the reports which have been filed on these trips and the hearings that have been held in the field, the committee today approaches this legislation with a firm belief that something must and will be done of a general nature to provide immediate relief to those areas that may be devastated in any section of the country.

The subcommittee hopes and intends to hear all interested persons on this legislation, including Members of Congress, affected Federal agencies, representatives of the State and local governments, and those individuals, whoever they may be, who will contribute something to the legislation.

It is my hope as chairman of this special subcommittee today and the hope of all of my colleagues on this committee that we will formulate needed legislation along the lines of the bills pending before us today so that a proper vehicle can be provided to assist those of our fellow citizens who have suffered personal loss and property loss as a result of actions which are beyond the control of mankind.

With that opening statement by the Chair, I am pleased to recognize that we have in the committee room today some of our distinguished colleagues. I would like to call as our first witness the very distinguished and very able chairman of the House Committee on Interior and Insular Affairs, Mr. Aspinall, of Colorado.

Mr. Chairman, will you please come forward? Let me, in behalf of the committee, thank you very much for coming over and giving us the benefit of your views this morning.

STATEMENT OF HON. WAYNE N. ASPINALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. ASPINALL. Mr. Chairman, may I say it is a pleasure to be here with you and the members of this subcommittee speaking on S. 1861 and H.R. 9885 and similar House bills. If I had been making my statement, Mr. Chairman, I would have made a statement such as you have just made, because in general outline this covers the purposes for which I introduced the bill in the House.

Mr. Chairman, I want to thank you and the members of this committee for the opportunity for me to speak briefly on behalf of the legislation which is now before you.

I wish to associate myself with all those who are appearing in support of the principles of S. 1861. This was the intent of my bill, H.R. 9885.

The problem to which this legislation addresses itself is national in scope and continuing in its applicability. The destructive forces of Nature, whether in the form of flood, tornado, hurricane, or other excessive storm systems, respect no political, social, economic, or geographic lines of separation. Neither do they favor or disfavor any one generation or time period. This year alone has seen a startling display of Nature on the rampage in widely separated parts of the Nation, and the toll in human suffering and financial loss has been staggering. We are not the victims of more severe storms than in the past, but the amount of real and personal property, both private and public, that is now subject to the destructive whimsy of Nature, leaves all of us in a somewhat vulnerable position.

There has never been any question or hesitation on the part of the American public in coming to the aid of a stricken community or area. Indeed, this traditional "helping hand" frequently has been reflected in the work of the Congress. Time after time, special legislation has been enacted to extend the hand of the Nation to individual areas that have been visited by a natural disaster—and this is as it should be.

Now, Mr. Chairman, the time has come to convert this past series of piecemeal legislation into a continuing and permanent authority that will reflect the wishes of the people of this Nation—namely, to render quick and adequate assistance to any area designated as a national disaster area by the President. By using previous assistance legislation as a model, we can eliminate the time-consuming need for individual congressional action each time a disaster occurs.

Although it may be appropriate to place some kind of a ceiling on total expenditures, it seems to me that the appropriations for individual categories of assistance such as roads and bridges, public buildings, private homes and businesses, schools, farms, et cetera, should be left open. The freakish nature of these disastrous storms leaves no way for us to predict their course or intensity. Where one storm may strike only a rural area, another may hit a quiet residential area, a third might direct a blow to the heart of the business district, and a fourth could, and often does, strike all three.

The one thing we do know, Mr. Chairman, is that these visitations will continue to occur, and we know also that the desire to help, on the part of the American people, is just as strong now as it was when citizens gathered from miles around to fight a blaze in the barn of an early settler.

With the legislative precedent that I have mentioned, and with this history of typically American help in time of need, I urge this committee to give its wise and sympathetic consideration to the measures that are now before it.

The reason, of course, that I introduced the bill was because of the disaster that hit Colorado and the fact that the Senate was considering this legislation soon thereafter. The flood control operations in Colorado were not in my district. However, the flood did come into my district and it upset a great deal of the reclamation operations that were present there.

Since that time, the U.S. Government has been very sympathetic to what has taken place in Colorado, just as it was in California and Oregon and as it was in Mississippi and as it was in Indiana, in Ohio, and in Michigan.

What has bothered me about the procedure that we have followed to date is the piecemeal approach that we have made. It has seemed to me for some time that there should be some general law that would permit the administrative departments of Government to go in immediately and to give the necessary help without coming before Congress in each particular instance. By saying this, please keep in mind that I am not about in any way to suggest that the Congress of the United States give up its prerogative to determine in exactness and in finality the amount of money that shall be permitted for such purposes or to determine the policies. If the bill which has been passed by the other body or the bills which have been introduced in the House are not sufficient to take care of the wishes of this committee, in which I have great

confidence, to see that we keep our congressional responsibility and authority, then the bill should be changed so when we are on the floor of the House for debate the congressional responsibility is kept intact.

These are omnibus bills. In each instance they cover a multitude of operations in various departments. I have just read this morning the group of papers that I have received from your distinguished chairman, Mr. Fallon. I have not been able to study, of course, the reports from the various departments. I have gone over the reports hastily. I can see some reason for some of their objections. May I say to you, Mr. Chairman and members of the committee, this is a day when we should keep congressional responsibility of our form of government as it was intended to be, and we should not permit the executive department to assume the authority and the purposes of making policy for our people. We should do that ourselves.

With that in mind, I introduced the bill to get it before the House. I support the general purposes of the bill. I rest the case in the hands of this distinguished committee and its parent committee to see that the legislation is properly worked out when it is brought before the House for consideration.

With that, Mr. Chairman, if you have any questions, I shall be glad to rest my case.

Mr. GRAY. Thank you very much, Mr. Chairman, for a very clear and concise statement.

I want to ask you a couple of questions, if I may.

S. 1861 on page 6 of the bill specifies that the homeowner or business concern will assume 25 percent of the property loss sustained and that the State will agree to pay 25 percent. Do you believe in writing Federal legislation we should make the State a partner?

Mr. ASPINALL. Mr. Chairman, I believe that there should be sharing procedures, but I doubt very much if the Federal Government has the right to place upon the State itself a burden such as this. It seems to me that the legislation would be better written if it were just left with the general statement that there should be a sharing in such amount.

Mr. GRAY. Just state that it should be non-Federal matching.

Mr. ASPINALL. Yes; something like that would be agreeable to me.

Mr. GRAY. I might say I share the chairman's opinion in that regard. Are there any questions? Mr. Johnson of California.

Mr. JOHNSON. I want to welcome our colleague, Mr. Aspinall, the chairman of my other committee, before this committee today, and say that I join him in support of a piece of general legislation. We have just witnessed a disaster in California and Oregon and other Western States. It has been pretty well cleaned up by now. We experienced the same thing he brought out here today. After it was declared a disaster area, that took care of the emergency relief and evacuated the people and then started to put them back in. But the general damage that was done there required additional legislation to cope with the situation. We were from January 4 until sometime late in June getting that legislation passed. I think a general bill should be in effect so, if the President decides there is a disaster area, the agencies of our Federal Government could move in and take over and immediately start to work on the damage done. We had a

wonderful team out there that took care of all the emergency, and the cleanup has been taking place since.

We were able to get money in there about 2 months ago to assist in bringing that area back to what it was prior to the flood as far as the economy of the area is concerned.

So, I want to join Mr. Aspinall, who is here today before us and who is author of another bill, and I would agree with his position that S. 1861 should be considered by this committee, and also all of the other bills that have been introduced by those who have had disasters in their areas. I am certain if we work our will on this the committee can bring up a bill that will be agreeable to the full committee and, we hope, to Congress.

Mr. ASPINALL. Thank you very much.

Mr. Chairman, may I make just a short statement? We do not have any more storms or disasters today than we had 70 years ago or 50 years ago or 100 years ago. I remember very distinctly some of the disasters that took place 50 and 60 years ago. May I say we have more people and we are more closely interwoven with each of these factors of our civilization, and it is because of this that we must be a little bit more careful of taking care of these things as the great American society has come to do in each instance. I think this is one of the arguments for this particular legislation.

Mr. GRAY. Questions or comments on my left? On my right?

Mr. BALDWIN. Mr. Chairman, I would like to join you in welcoming the chairman of the Interior Committee before us this morning. I am in full agreement with your statement, Mr. Aspinall, that we should endeavor to work out a basic bill which would handle these problems in a uniform manner without endeavoring to jam some kind of special temporary bill through every time we have a disaster in a particular part of the United States.

That has been the problem this year. We had an Alaska relief bill. Yesterday we were working on a Louisiana hurricane bill. It is evident that that is not the way to resolve these problems because that means each area does not know what to count on because there is nothing in the basic law to provide them with guidance.

I think the only solution is to work toward getting a basic bill that all parts of the country can look to for a set of guidelines if they have a disaster.

Mr. CLAUSEN. I also want to take this opportunity to express my appreciation for your taking time to come before the committee, Mr. Chairman. I would like you to comment upon a couple of items.

I am pleased to note you have included all forms of disaster, and particularly fire. I note your own district is similar to mine in California in that we have a lot of forest land in the public domain. I wonder if you could give us the benefit of your views on how extensive the assistance should be as far as fire damage is concerned, because we depend very heavily on that industry.

Mr. ASPINALL. Mr. Clausen, my thought in this particular matter has to do with fires caused by natural causes, causes of nature, not individual fires, not fires within towns. I might say I would go a little bit further, perhaps, and suggest that where fires are caused by insurrection and riot, there may be a need there. We want to be very careful. There is no intention on my part, of course, to interfere with the

regular flow of the ordinary transactions of business and to take care of what private enterprise should accept at all times.

Mr. CLAUSEN. I do not know if you have covered this in your statement, but being the chairman of the Interior and Insular Affairs Committee, you know we have a continuing problem with Indians. I wonder if your statement includes any comment relating to assistance not only for Indians who live on reservations, but for those not qualified because they do not live on reservations and sometimes do not fall under the jurisdiction of the Bureau of Indian Affairs. Does your statement include anything on that?

Mr. ASPINALL. My statement does not refer to Indians as such. My statement refers only to Indians as a part of our civilization, our body politic in the United States. We have programs, Mr. Clausen, to take care of certain emergencies on Indian reservations, and so forth. It seems to me that the sooner we begin to treat the Indians as part of our body politic, rather than as Indians as a race or as members of a particular race, the better off it will be for both of us.

Mr. CLAUSEN. As usual, you gave me the statement I wanted. We have had some discussions on this. I would hope we can develop legislation that can actually trigger into action a program designed to recover the economy as rapidly as possible so not only the States, but the areas affected can bring back their tax bases.

In your legislation have you any recommendation for a temporary payment in lieu of taxes to, say, a school district that suffers as a result of a disaster, or is that handled in the grant portion?

Mr. ASPINALL. This would be handled, as I understand it, in the grant portion of the project. Here again, when we get into the question of taxes, we get into a very sensitive part as far as the States are concerned. The matter of payments in lieu of taxes, of course, is one for which there is no general policy of the Congress at the present time, for which there should be a general policy, but there is so much transgression of jurisdictional lines all the time, we have not been able to come to any consensus of opinion.

Mr. CLAUSEN. I am sure that, once your studies are completed under the Public Land Law Review Commission, you certainly will have some recommendations, but I do want to say this while you are before the committee: Certainly one of our greatest losses in the Northwest floods in my own district were in those communities where the buildings were washed away. The tax base for the local school districts were so affected that what I am after here would be something in the way of a formula whereby we could coordinate this with the States to take care of a payment until such time as the tax base is rebuilt or restored.

Of course, it all has to be integrated with long-range flood protection works as well. I just wanted to make this comment while you are here.

Thank you very much.

Mr. ASPINALL. My reply is that the gentleman is on the right track.

Mr. GRAY. Before you leave, Mr. Chairman, in the bill we passed out yesterday on the Florida, Mississippi, and Louisiana hurricane damage from Betsy, we included a section, section 5, which authorizes the Secretary of the Housing and Home Finance Agency to start an immediate study on the matter of disaster insurance. The Bureau of the Budget testified they are asking for \$1,600,000 to make this

immediate study. Would you care to give us your views concerning the need for disaster insurance?

Mr. ASPINALL. Mr. Chairman, I think there is need for this insurance. I sit on the Joint Committee on Atomic Energy, as you know, and we are very much involved in the matter of insurance as far as safety is concerned. Here is an area where it is very difficult for private business to get into the picture and do the job because of the uncertainties involved and the high cost of premiums because of these uncertainties. I would favor some such approach as this.

Mr. CLAUSEN. That is one of the items that I had in addition. Does the bill itself which you have introduced include any insurance?

Mr. ASPINALL. If I remember my bill correctly, it does not have anything to do with insurance in any way.

Mr. CLAUSEN. As you know, we have under study a bill which I understand has been referred to the Banking and Currency Committee, designed to get the Housing and Home Finance Committee to conduct a study in depth. Thank you.

Mr. GRAY. Thank you very much, Mr. Chairman, for your very helpful testimony this morning.

Mr. ASPINALL. May I say thank you to you? In my 17 years in Congress, this is the first time I have ever appeared before this very important and very fine committee.

Mr. GRAY. It is our pleasure to see you here.

Mr. ASPINALL. Thank you.

Mr. GRAY. The Chair would like to call as the next witness the distinguished gentleman from Indiana, Mr. Roush. Will you please come forward?

STATEMENT OF HON. J. EDWARD ROUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. GRAY. We are delighted to have you before the committee this morning, Mr. Roush. We certainly appreciate your appearance, and you may proceed in any manner you see fit.

Mr. ROUSH. Thank you, Mr. Chairman.

I am pleased to appear before the committee on a matter which is very important to me. I hope the brevity of my statement and perhaps the lack of technical aspects in my statement and what I am saying here today in very brief form will not indicate a lack of interest, and I would hope the committee might realize the effort which has gone into work on disaster legislation on the part of particularly my staff.

Mr. GRAY. We understand perfectly, and we also apologize for having been able to give only 2 or 3 days' advance notice of these hearings. We have been tied up with other matters before this committee, as you know, all year long.

Mr. ROUSH. I know that, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I want to thank you for the opportunity to appear in support of S. 1861. My interest and concern in such a bill stems from the extensive damage suffered by my State during the tornadoes which struck last April 11, 1965. However, since that time, other areas of the United States have suffered disasters, notably those States hit by Hurricane Betsy in September.

Even when reduced to statistics, the task of providing relief for disaster-stricken areas presents a staggering problem. During the fiscal year of 1965 alone, the President recognized 29 major disasters in 24 States as eligible for Federal help. With each declaration, the need to overhaul and update our present disaster legislation becomes apparent. The fact that the White House called this last series "the worst spate of natural disasters on record" lends further urgency to the problem of providing consistent and effective Federal relief for natural disaster-stricken areas.

In August, I sent a letter to my colleagues representing 32 States where disasters have struck since January 1, 1964. I urged them to support the various bills dealing with disaster relief pending before the House of Representatives Public Works Committee. Many of them helped by writing to the distinguished chairman of this committee, Mr. Fallon. I am sure that these hearings will enable the committee to write the best disaster relief bill which will help people recover from the hardships left after disaster strikes.

Six months have passed since Indiana experienced the shock and upheaval of the Palm Sunday tornadoes. But 6 months is not a long enough period to dim the memories of those people who lived through them, who are still traveling the road to recovery.

After being informed of plans for these hearings, I again contacted officials in my congressional district for another evaluation of the problems.

In every instance, emphasis was placed upon the void in our program relating to Federal assistance to the individual. I would like to direct the committee's attention to the effect of such disasters upon our older citizens. Their earning capacity is no more. The income capability necessary to repay a modest loan is substantially restricted. Financial institutions can be compassionate, but they must be practical. Under present conditions, these older members of the community can never hope to restore their homes.

For the young family, the equity in the new home disappeared. Practically all of the insurance had to go to the mortgage holder. All that remained for many people was their earning potential, the possibility they could save up enough to get another start a few years hence. I think this point also merits study by the committee.

On a community basis, there is a very serious point which should be considered and one that is not covered in proposals to date. This has to do with a substantial loss in the governmental unit's tax base. I can mention one in my own congressional district. A small community had just completed construction of a new sanitary system. Funds for the project were obtained in the sale of revenue bonds. Within the space of a few minutes more than 100 homes were obliterated. Twenty-five percent of those homes served by the new system were no more. It is true many will be restored, but not the revenue for the period of restoration. Nor will there be any revenue from this area to assist in the operation of other community services—police, fire protection, schools.

There is also the need for a clearer definition of areas of responsibility among Federal agencies who participate in disaster relief. Such a clarification could eliminate the need for the section of the proposal entitled "Duplication of Benefits."

I also wish to suggest the committee consider a section establishing retroactivity to July 1964 so that the benefits to be established by this legislation may be available to individuals, businesses, and governmental units who have suffered losses in natural disasters occurring since that date.

Another potential section for additional study is section 4 of S. 1861 entitled "Grants to States for Assistance to Homeowners and Businesses." This section outlines a good method of helping people who qualify under the terms of homeowners and businesses. However, one significant group is left out. What about the individual renting a home who suffers the total loss of his personal property? What about the person who has a financial investment in property used for dwelling but does not completely own it? I believe the type of persons who could qualify for help under section 4 must be reexamined and, if necessary, expanded to cover such cases as I have mentioned.

Mr. Chairman, in addition to showing some of the problems individuals are having in recovering from disasters, I also want to call the committee's attention to two other important points with regard to S. 1861 and related bills. First, part of S. 1861 has already received consideration by the Congress. On August 30, 1965, the House passed H.R. 9022, a bill to amend Public Laws 815 and 874, 81st Congress, to provide financial assistance in the construction and operation of public elementary and secondary schools in areas affected by a major disaster. The Senate passed the bill with amendments on October 1, 1965, and further action is now pending. This bill is substantially the same as the sections in S. 1861 dealing with school assistance for disaster areas (sec. 10, pp. 14-22). Thus this section of S. 1861 already has House and Senate support.

Secondly, I wish to offer a technical amendment which will help clarify a portion of S. 1861. It was suggested by one of the original proponents of the bill in the Senate, Senator Birch Bayh. The amendment applies to section 4 and would read as follows:

In section 4, subsection a, line 9, after "cludes," strike out the phrase "the District of Columbia and the Commonwealth of Puerto Rico," and insert the following phrase: "any State in the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the trust territory of the Pacific Islands."

This change was recommended by the Office of Emergency Planning as a measure to clarify precisely what areas will be covered in the provisions of this section.

Mr. Chairman, I think the need for revision of our disaster relief legislation is apparent. I know this committee will give the problem its expert consideration and agree on the best bill to correct the problems of aiding disaster victims in the United States.

My interest in this legislation stems primarily from the disaster which struck in Indiana on Palm Sunday. My congressional district happened to be hit very hard. I have a little map here which indicates the scope or at least the width of the disaster as it struck. It went from Clinton County in my district across the corner of Tipton County, Howard County, Grant County, the southern part of my own home county, Huntington County, Wells County, and Adams County, touching down here and there, and did a tremendous amount of damage. In the State of Indiana alone in 1 day 138 people were killed, another

1,369 were injured, 1,251 homes were destroyed, 1,055 farm buildings were destroyed, and another 3,875 families suffered losses which were less than total.

Mr. Chairman, I thought I could be most helpful to the committee if I could discuss some of the more practical aspects of this legislation. Yesterday I had several members of my staff on the telephone most of the day talking to mayors, county commissioners, insurance people, and people who were directly involved in the disaster which happened on Palm Sunday in Indiana, trying to get from them their appraisal of what had happened and where the law might be inadequate. They are very practical people. If I could offer a suggestion to the committee, I would think it would be very worth while to get a group of these mayors and commissioners in and sit down in a roundtable discussion and let them bat their problems back and forth before the committee. I think we might get some very practical thinking from such a meeting.

As a result of this phone call, these are some of the things these people were talking about.

In every instance they related the fact that there is a void in our program in dealing with and giving Federal assistance to the individual who suffers loss. Particularly hurt are the older citizens. They do not have earning capacity. Their earning capacity just is no more. The income capability necessary to repay a modest loan is substantially restricted, or to get another loan is sometimes impossible because, although financial institutions can be compassionate, they must also be very practical. Under present conditions, these older members of the community cannot hope to restore their homes.

The photo which I handed to you shows the town of Russiaville, which is a small rural community in which many old folks live. They have gone there on their retirement. They are having extreme difficulty. Of course, the young family has the same difficulty. They have lost the equity in their home. Their insurance may pay off their mortgageholder and maybe buy some furniture, but they have lost the equity they have worked so hard to get. They, too, are hurt.

On a community basis, I ran across one problem which I think the committee might give attention to. In the small town of Greentown, Ind., the community had just completed construction of a new sanitary system and funds were obtained from the sale of revenue bonds to finance this system. Within the space of a few minutes 100 homes were destroyed in that community. These 100 homes represented 25 percent of the homes served by the new system.

It is true many will be restored, but not the revenue for this period of restoration, which the town will lose and which they had counted on to pay off their revenue bonds. Nor will there be revenue there for the purpose of assisting in the operation of other community services. Police, fire protection, and schools will be cut down.

In talking to these people, another thing they pointed out was the need for a definite definition of areas of responsibility for the various people involved. Those of us who have lived through one of these disasters and have seen our communities at work know the Office of Emergency Planning is involved, as well as FHA, Federal Housing Authority, the Farmers Home Administration, REA, and many other Federal agencies.

One mayor, a very responsible individual, the mayor of Kokomo, Ind., stated that what was needed was somebody in authority to make definite decisions at the time they are on the scene; that, he felt, was a little bit of passing the buck. Although they were, I must say, very pleased with what did happen.

Another thing I think should be included, and I believe it is not included in the Senate bill, is a retroactive provision which would assist those communities which have suffered disasters in recent months. In the fiscal year 1965 alone, the President recognized 29 major disasters in 24 States as being eligible for Federal help. Some of these we have taken care of through special legislation, but others we have not.

I believe there is some legal question as to whether or not this bill, without a retroactive provision, would pertain to those areas which still exist as disaster areas under the law, and I think the retroactive provision would be very important here.

Mention was made a moment ago of section 4. As I read section 4, which is entitled "Grants to States for Assistance to Homeowners and Businesses," I think perhaps it is somewhat restrictive and that a significant group is left out. For example, how about the person who owns a leasehold here, or the individual renting who suffers a loss of his personal property, or the person who has a financial investment in a property which is used for dwelling purposes but does not occupy?

I cite these as examples, and I believe they should be individuals who should qualify under section 4.

Then, too, there is another section which I think is important, and in my discussions with the Office of Emergency Planning I gathered they were not too much in favor of this section. They said the law already took care of it.

The little town of Russiaville is an unincorporated town. The Senate bill does not make provision for assistance to unincorporated villages and towns, and I think that should remain in the bill. They are right, in that they say the State or the county could be the sponsoring agency and they could get this help, but this doesn't work from a practical standpoint sometimes. Maybe because of the political situation in the communities or because of the unwillingness on the part of the county commissioners, for some reason, to act on behalf of the town. But I think this is an important section of the bill, and I would hope this committee would permit it to remain.

Mr. Chairman, this concludes my remarks. I hope I haven't rambled too much. I did want to point out the practical problems I see which the committee must come to grips with. Thank you.

Mr. GRAY. You have made an outstanding statement, and have given the committee some very good suggestions. I have made notes of them here and I intend to make sure they are fully discussed when we get into executive session on this bill, we hope early next year.

Are there any questions on my right?

Mr. HOWARD. Mr. Chairman.

Mr. GRAY. Mr. Howard.

Mr. HOWARD. Thank you, Mr. Chairman. Mr. Roush, I would like to ask your views on disasters that hit the individual homeowners you mentioned in talking about section 4. There is very little help available, \$250,000. Certainly, the cost of Hurricane Betsy is estimated to be about \$1 billion, and the real tragedy of that seems to

be the great number of individual homeowners who had so much of their property and possessions destroyed, things on which they are still making payments, and they had to be carted out to the dump and burned, and they have to buy all new furniture.

I know in areas in New Orleans there were thousands upon thousands of homes with this situation, and all of this is uninsured because the cost of insurance for flood damage or natural disasters would be prohibitive for the average homeowner to afford.

There is a bill that has been passed three times in varying form by the Senate but not yet by the House, which would have the Housing and Home Finance Administrator study the question of Federal participation, if possible, in some way or another which would provide a low enough rate of actual disaster insurance so that the average American might be able to afford it, and we would be able to help eliminate the great damage to the individual people which seems very seldom to be covered after a hurricane or a flood, even with the Federal aid we do provide with a special bill.

I would like to get your feeling as to whether or not it would be worthwhile for a study to be made to see if it would be feasible, in any way, for the Government to participate. Not necessarily to have a Government insurance program, but for the Government to be able to cooperate in some way so that private insurance companies can get the rates down low enough so that the average homeowner might be able to afford the insurance. As it stands now, there are a limited number of persons who take this insurance, those on low shore areas or certain areas where natural disasters tend to happen. So the cost is much too high. However, it is a great hardship to so many of our people.

I don't want a commitment from you, but just your feelings. You did mention the individual people who are losing their personal property. And this bill, S. 408, which passed the Senate again this session and was up for a resolution on that long Monday, September 13, and did not get adopted, would that kind of a bill be something that would help the people in Indiana?

Mr. ROUSH. Mr. Chairman, if I may comment on this, I think the gentleman has reemphasized my earlier statement that there is a void in the present legislation as it pertains to helping individuals. I certainly would favor such a study. I don't believe the present law comes to grips with the problems, and I doubt if this proposed legislation comes to grips with the problems.

The chairman, in his colloquy with the distinguished chairman of the House Committee on Interior and Insular Affairs, pointed out that the State must contribute something, and I would like to point out further to the committee that this would necessitate a plan on the part of the State, and insofar as those disasters which are pending now, I think this would be almost impossible because of the way State legislatures operate, some of them meeting only once every 2 years. I believe that such a study would be very worthwhile and by all means should be made.

The matter of insurance is a matter which I realize—particularly disaster insurance—can be a rather touchy one. I would like to point out also to the committee there are certain areas of the country where windstorm insurance, for example, and flood insurance is not obtain-

able because that area happens to be prone to that particular type of disaster, and those people should be afforded some protection.

Mr. CLAUSEN. Will the gentleman yield?

Mr. HOWARD. Yes.

Mr. CLAUSEN. The gentleman from New Jersey certainly has propounded an excellent statement but I think he also is aware of the fact that the bill considered yesterday takes care of this in section 5, where there would be "an immediate study of alternative programs which could be established to help provide financial assistance to those suffering property losses in flood and other natural disasters."

This cleared the committee yesterday.

I might ask of the chairman, also, if he would consent to this: I have prepared a sort of a guideline I think the study should follow. Having had a bit of insurance background, I developed a guideline, and with the chairman's permission I would like to place that in the record at this time.

Mr. GRAY. Without objection, it is so ordered. We would be delighted to have the statement in the record.

(The document referred to follows:)

STATEMENT BY HON. DON H. CLAUSEN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

H.R. 7397 AND MY BILL, H.R. 5477, BILLS TO AUTHORIZE A STUDY OF METHODS OF
HELPING TO PROVIDE FINANCIAL ASSISTANCE TO VICTIMS OF FUTURE NATURAL
DISASTERS

Mr. Chairman, I want to extend my sincere appreciation to this committee for taking the initiative in holding these vital hearings on the bills, including my own, to authorize an immediate study to find methods of providing adequate financial relief and assistance to flood disaster victims and other forms of natural disasters.

Even though the Flood Disaster Act of 1956 was enacted into law, my research reveals that insufficient technical data was provided the Appropriations Committees to arrive at a realistic and proper figure in its attempt to fund the original authorization. Therefore, it is mandatory that we advance this legislation and forcefully instruct the appropriate Federal agency to institute a detailed study of the natural disaster problem and report its findings back to the Congress at the earliest possible date.

Each day away from a flood or natural disaster, the people tend to forget the magnitude of the problem and the suffering associated with it.

The millions of dollars spent by the Federal Government, the States, the Red Cross, Salvation Army, church relief, and the many great voluntary organizations, though sincerely appreciated, can by no means begin to provide relief for the mental anguish and personal losses suffered by those immediately affected.

The basic problem, of course, still remains and will be with us until we find a solution. Fundamentally, the dilemma seems to be caused by the inability of the insurance industry to provide adequate coverage for floods or water damage at a price people can afford to pay. At least, it is not consistent with the very broad coverage provided for fire, wind, and other disaster coverages. This is, of course, understandable because the risk is generally confined to flood plain regions, thereby provoking an unreasonably high risk factor.

We must continue to seek ways and means of providing an answer to the problem and I believe a detailed technical study is the necessary first step. However, we must not stop short of a reasonable solution as was apparently the case after the enactment of the Flood Disaster Act of 1956.

While I do not pretend to be an expert in the field, I would like to make a few specific suggestions for study. We, of course, should ask for and expect to receive the complete cooperation of the insurance industry. Under our way of life and system of government, the personal and business problems are generally handled by our great insurance industry. This is due to the great diversity of interests to be considered. The underlying motivating force and the prime

reason for the success of the insurance programs is the fact that funds become immediately available should disaster occur. But premiums are kept competitive and within reason by the very broad potential of premium income.

Regrettably, this has not been true for flood victims for reasons mentioned heretofore.

I believe we should move in the following general direction :

1. Ask the insurance industry to advise the Congress whether it can or cannot specifically provide adequate insurance underwriting to meet the problem, either by individual companies, through reinsurance or risk-pooling concepts?

2. If not, can an arrangement similar to the FHA underwriting Government industry cooperative agreement be developed?

3. Is a subsidy arrangement, containing adequately defined insurable limits a possibility—providing the administration of the program supplements and does not conflict with reasonable insurance program objectives?

4. The Red Cross, Salvation Army, the Office of Emergency Planning, churches of all denominations and the many voluntary relief agencies should be asked to provide advice and counsel to the agency conducting the study, thereby providing the Congress with the invaluable benefits gained through years of disaster relief experience.

5. Adequate flood plain zoning must be an intergral part of the program until such time as adequate flood protective works can be built.

I believe the above recommendations will provide a basis for the study we have recommended by the various legislative proposals before this committee. I am here to support all bills calling for this study at the earliest possible date. The number of disasters throughout the Nation demand action on the part of the Congress. My own area was hardest hit of all and I believe I speak with some authority because I have personally visited all disaster areas, as a member of the House Public Works Committee. The National Disaster Act seems to take care of political subdivisions and the public sector generally but the program to sufficiently handle the private sector problems simply does not exist.

We need a program that can be triggered into action as soon after the disaster occurs as is physically and administratively possible.

It is to this end that I ask the Congress to direct its greatest efforts and talents.

Mr. GRAY. I might further suggest to the gentleman from California, as soon as the southeastern disaster bill passes—and I have no doubt but what it will pass both Houses, the bill we reported out yesterday—he sent this information down to the Housing and Urban Development Agency because they will be empowered to make the study.

I think the gentleman from New Jersey was temporarily out of the room yesterday when the Deputy Director of the Bureau of the Budget testified that they have asked for \$1,600,000 in the supplemental bill we will be considering today—I doubt it will be in the House side of the bill, but when it gets to the Senate they have asked the Senate to include \$1,600,000 in the supplemental, and probably within 30 days this money should be available if we pass the authorization bill prior to the time the supplemental bill gets to the Senate. So within 30 days this study should be underway, and I would suggest strongly that the gentleman send his views down to the new Housing Department. I think they would be delighted to have your views.

Mr. CLAUSEN. If the gentleman will yield further, the gentleman may recall in my colloquy with Mr. Hébert, of Louisiana, before the House I offered this to them.

Mr. GRAY. I am sure it will be very helpful. That is why I suggest the gentleman send this information down. I think they would be glad to have it.

Mr. JOHNSON. Mr. Chairman?

Mr. GRAY. Mr. Johnson of California.

Mr. JOHNSON. I want to commend our colleague here, Mr. Roush, from Indiana, for his statement and for coming before this committee in support of this type of legislation.

Mr. Roush, I wonder if in your State many of the people carry hurricane damage insurance?

Mr. ROUSH. I will answer my colleague in this manner: I don't really know. We have not suffered, we don't have a history of hurricanes or tornadoes. We occasionally have one, but it usually drops down on one barn or a house or a couple, and that is it.

Mr. JOHNSON. From what I see here in this pamphlet on what happened to this little community your damage is as severe as anything I have looked at in the three areas I have been. I was just wondering just what insurance these people carried, if any. You stated in some areas of the United States hurricane insurance is pretty tough insurance as far as rates are concerned.

Mr. ROUSH. I would say most of these people have pretty good insurance coverage, but it does not by any means cover all their losses. In many instances, the mortgage holder, for example, was protected, but when it came to, say, a \$7,500 equity the individual had in the home that was lost, and lost forever, and with some of the older homes in particular this causes a hardship. The home may only be worth \$5,000, and maybe the insurance would, say, cover \$4,000 of it, but for this individual to replace \$4,000 is impossible.

Mr. GRAY. Will the gentleman yield?

Mr. JOHNSON. I yield.

Mr. GRAY. I might say that I come from an area similar to the gentleman's area in Indiana, and it has been my experience—my father was a real estate broker at one time—that people bought just the amount of coverage, generally, to cover the mortgage because of the premium factor. I think you will find that coal miners and people working for a living usually buy just enough insurance to get by and cover the amount payable to the mortgage holder. Therefore their equity is not covered.

Mr. JOHNSON. That is pretty true all over. I was asking if many people in the area did carry hurricane insurance.

Mr. ROUSH. I might say this disaster resulted from a tornado. We are a tornado area.

Mr. JOHNSON. It is about the same thing; from the picture, the damage looks about the same.

Mr. GRAY. It is dry dynamite.

Mr. ROUSH. I might say on behalf of my constituents in Russiaville they are about the most determined people I have ever seen. They are rebuilding and going at it very systematically and in a businesslike manner. They are determined that Russiaville will not leave Indiana.

Mr. JOHNSON. That is all.

Mr. GRAY. Thank you very much, Mr. Johnson.

Are there any other questions?

Thank you very much, Mr. Roush, for your very fine testimony.

I would like to call as our next witness the distinguished gentleman from Colorado, Mr. Evans. Will you please come forward?

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF COLORADO

Mr. EVANS. Thank you, Mr. Chairman.

Mr. GRAY. We are delighted to have you before the committee this morning. As one of those that went to Colorado to see the damage from your Colorado floods, I might say it certainly was far reaching, and I want to commend you and the other members of the Colorado delegation for the forthright manner in which you helped your people. We appreciate your advice coming out to Colorado.

Mr. EVANS. Thank you very much, Mr. Chairman.

May I say to you and the members of your committee who went on that trip I hope you have some idea of how much the people out there appreciate your coming. Just to know they were getting your attention on something that affected them deeply meant a great deal to them.

I have no prepared statement, Mr. Chairman.

Mr. GRAY. You may proceed in your own fashion.

Mr. EVANS. If I could, I would like to add to the comments made earlier by the distinguished chairman, Mr. Aspinall, and others.

First of all, one thing that occurred to me from my experience in the last disaster in Colorado was, in going from community to community, and from farm to farm, and from ranch to ranch, the people didn't have an awareness of a national policy. There was confusion. They needed help and they didn't know where to go. I think we should have a national policy which would become well known, and it would be very much in keeping, I think, with the early history of our country where, when a farmer's ranch or house burned, his neighbors would get together and donate their labor and rebuild the house or barn. So I think we have a history of this, and I think it is well we continue the history with a well-defined policy now.

One thing I did run into which I would commend to this committee for their examination would be the extent to which such a disaster program could be expanded to include consideration of rewriting existing loans. Time after time I ran into small businessmen and homeowners, and sometimes a businessman whose business was flooded and whose home was flooded who was loaned to the hilt. He was handling it all right and was doing all right, but he was loaned to the limit. The banks had extended credit but could not extend more credit. If emergency loans were available, fine, but you cannot pay 3½ percent interest on top of what you are paying in terms of present financing sometimes. For instance, for 3 years in a row Colorado has been suffering a drought. I went back to have a drought meeting to find out what could be done, what possible things could be done, and it began to rain that day, and they kidded me about it. It rained thereafter until finally, about 10 days later on when the real rains and the flood came, these people who had been meeting in regard to drought relief, what they could do with reference to bad crops for about 3 years, had been to their banks trying to find out whether they could rewrite their loans and were having difficulty with their bankers. And under-

standably so, because their credit had been good. So when these people were then hit by floods they did have disaster loans available, but the question of adding the cost of the additional loan to their existing indebtedness in some instances was impossible.

I am sure that, if a national policy were to extend to the rewriting of loans that were in existence for a portion of them at the time the disaster hit—we are getting into an area of uncertain quantities of money, but I do commend that to the attention of the committee because it is something I ran into time after time, where they wanted an SBA loan, or an Agriculture Department loan, but didn't feel they could handle the additional cost.

Another item I ran into quite often was the fact where the rivers rise quite often you find some of your poor population have been living in what you and I would certainly describe as substandard homes, but they are homes to these people, and they have been homes to them for, sometimes, two or three generations. They are very modest homes and a flood takes them out immediately. Many of them have to be condemned.

I found that small communities, in particular, had no knowledge of how to proceed under the OEP program. They needed assistance early, soon. They didn't know how far they could rebuild and when the moneys would come.

One item I would comment on, which has been referred to by other witnesses who have been testifying, is the extent to which we might have a program of national assistance to a private insurance program. It may well be something could be worked out in this regard, but you would have to balance it with one thought in mind, I would think, and that would be the extent to which some would have such insurance and some would not. I can see circumstances in which a flood would hit those who had such insurance and those who did not, and both homes were taken and both homes were then restored. I might not feel as comfortable about it, having paid for my insurance over a period of time, and seeing somebody next to me get the same thing who had no such insurance. These are just thoughts that came to my mind before I came to the committee and as I listened to the prior witnesses.

Again I want to express my appreciation and the appreciation of our area for the interest of this committee in coming out to Colorado to view our damage and taking your time to listen to our testimony.

Mr. GRAY. Thank you very much, Mr. Evans. You have made a very clear and concise statement which I am sure will be helpful to our committee.

Are there any questions on my right?

On my left?

Thank you very much. We appreciate your coming.

Mr. EVANS. Thank you.

Mr. GRAY. The next witness we have this morning is our distinguished friend and colleague from Wyoming, Mr. Roncalio. We are certainly happy to have you here this morning.

**STATEMENT OF HON. TENO RONCALIO, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF WYOMING**

Mr. RONCALIO. Thank you very much, Mr. Chairman, for allowing me to testify on such short notice. I am grateful to all of you for giving me that benefit of just a few minutes to represent the needs of my district which is the State of Wyoming.

Mr. GRAY. We are glad to have you, and you may proceed in any fashion you wish.

Mr. RONCALIO. Our State is very sparsely populated. Wyoming has but 350,000 people and in nearly 100,000 square miles. So the population is around 3.5 human beings per square mile, which is almost unimaginable when considered in the context of an area such as the District of Columbia and the Northeastern States. So when we get flood damage, it may be damage which knocks out some 22 bridges, as it did in the case of Uinta County, Wyo., a little county in the extreme southwest corner of my State; 22 bridges on county roads were knocked out, yet it involved only a handful, comparatively speaking, of farmers and ranchers in our sparsely populated State. Consequently, when such damage was done and the county commissioner asked Governor Hansen, of Wyoming, to ask for a disaster designation, Director Ellington, of the U.S. Office of Emergency Planning, made a prompt refusal. And this was the inevitable result, not because these were not major disasters to the ranchers involved, but by comparison to the tremendous damage in Colorado, as you mentioned earlier, and other States it was a relatively minimal thing. I am here today to plead for the fact that, if you have a ranch, I don't care how few neighbors you have, if your bridges are knocked out, it means just as much to you as the damage in the middle of Valparaiso, Ind., or anywhere else where a major disaster occurs.

Mr. GRAY. If I may interrupt at that point, it is much more difficult for those people to rebuild because there are not too many of them.

Mr. RONCALIO. Right, Mr. Chairman. And when the appeal for assistance was refused, as was the case, by Director Ellington to Governor Hansen, it worked a hardship. I hope in this legislation now before you you will consider those areas which cannot qualify for what is defined in the act under consideration as a major disaster area.

Mr. CLAUSEN. What type of assistance was refused?

Mr. RONCALIO. A designation as a disaster area, which is a prerequisite to relief.

Mr. CLAUSEN. In other words, they turned down Governor Hansen's request to have it designated as a disaster area?

Mr. RONCALIO. That is right. We didn't bother to intercede in behalf of the State because we thought the matter would be considered on its merits, which perhaps it was. As I say, I can sympathize with the other pressures at the time in other areas such as Colorado where they did have great damage in comparison to Wyoming's smaller number involved.

Mr. CLAUSEN. Does the State of Wyoming have a program that would take care of smaller disasters?

Mr. RONCALIO. No. The State of Wyoming cannot afford, under its tax structure, to permit any type of cooperative program of this kind and does not have one for that reason. We did, of course, get some relief from the Department of Agriculture under the provisions of the act before you now. This helped a few individuals but left unincorporated communities, for example, the community of Mountainview, Wyo., without relief for some 25 homes whose basements had been flooded, and the Smith Forks River was not restored to its natural bed because it takes, again, some Corps of Engineers review and an overall large project to restore this river to its bed.

Mr. CLAUSEN. This may be a point that needs consideration. Can you give us an idea of the amount of damage involved?

Mr. RONCALIO. I would be happy to, Mr. Clausen. Because of some flood restoration work having been obtained by Senator McGee and myself from the Department of Agriculture, it would appear that less than \$150,000 would make up for the balance of flood repairs to the 22 bridges that are out on county roads in Uinta County, Wyo. The county commissioners tell me they cannot obtain this from any other source because they are taxed now up to the mill levy limitation.

Mr. CLAUSEN. I know this is a problem, but I would think, as we give consideration to the establishment of criteria here, there certainly should be ample evidence that the States themselves have exhausted, to a maximum, their ability to provide assistance. I know in the State of California, as Congressman Johnson knows, the legislature passed special legislation to increase the gas tax to provide funds to restore the roads and highways. I know California has more tax source and is substantially more wealthy than Wyoming, but again I think as we develop a program we should take into account a formula for establishing a criteria whereby the States demonstrate clearly they have done everything they possibly can to help themselves.

Mr. RONCALIO. I will see that it is provided for the record. If I may, I would like to submit about 20 pages of pictures of the damage to the Uinta County bridges.

Mr. GRAY. We will be delighted to receive it at this point in the record.

(The material referred to will be found in committee files.)

Mr. RONCALIO. This is all I have, Mr. Chairman. I am grateful for the opportunity.

Mr. GRAY. Thank you very much for a very good statement.

Are there questions?

Mr. BALDWIN. I have one question. You mentioned that the river involved has not yet been restored to its proper course. If I recall the law dealing with the authorization of the Corps of Engineers, it seems to me my recollection of that law is that it is not bound by whether or not an area is declared a disaster area. As I recall, the corps has an authority, called flood-fighting authority, to go in and take whatever steps are necessary if a levee breaks, for example, to restore that levee, or if a river goes out of its course, to take the action necessary to see that that river is put back in its course. My recollection is that this is not related to whether or not an area is declared a disaster area.

Mr. RONCALIO. I believe the gentleman is right, and in hopes the gentleman is right I initiated a request in the way of a survey to the

Corps of Engineers in the hopes they would proceed to look over the river and give an estimate of what might be required to restore it to its natural channel and to take care of the damage in this way, in which case Mountainview would not fall in the purview of the subcommittee. May I say these bridges are not over rivers as you know them in larger areas; these are what we in the West call waddies, freshets, streams, gulches. In the spring when you have cloudbursts they are raging torrents, and then they can go into dryness the rest of the year.

I appreciate the suggestion on the Corps of Engineers.

Mr. MARTIN. The gasoline tax has been mentioned. Do you happen to recall the amount of gasoline tax your State has?

Mr. RONCALIO. No; I am unable to answer that.

Mr. MARTIN. We have had a similar situation in our State and raised our gasoline tax, which brought in a goodly sum of money. I wondered if this had been contemplated. I am in the gasoline business and pretty well aware of the gasoline tax. I am wondering if you knew what your State's was.

Mr. RONCALIO. I do not, but I will confer with the Governor on this.

Mr. CLAUSEN. If the gentleman will yield, I want to make this point: When the special legislature in California enacted this with the cooperation and understanding of all of the supervisors throughout the State it was only on a temporary basis, and acutally the recovery was such they were able to cut off the legislation and the collection substantially sooner than anticipated. What I am suggesting here is you might give consideration to this type of legislation.

Mr. JOHNSON. Mr. Chairman?

Mr. GRAY. Mr. Johnson.

Mr. JOHNSON. The bill that we passed here in Congress made available approximately \$70 million to the Bureau of Public Roads disaster fund. That relieved the State from keeping that gasoline tax. It was eliminated in September. The gasoline tax was placed on the statutes to raise approximately \$60 million for the roads. When the Federal bill was finally passed and signed by the President, the disaster relief bill, we had made available \$70 million that it allowed the State, which allowed the State to eliminate this tax much earlier than expected, and it was September 1.

Mr. GRAY. Are there any other questions?

I thank our distinguished colleague very much for his appearance before this committee this morning. You have been very helpful.

Mr. RONCALIO. Thank you.

Mr. GRAY. I notice we have our very distinguished and able colleague from Florida, Mr. Pepper.

STATEMENT OF HON. CLAUDE D. PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. PEPPER. Mr. Chairman and members of the committee, I thank you very much for the privilege of appearing here.

I am here in behalf of H.R. 11581, which is a companion bill to the previous bill introduced by Mr. Aspinall and by many other Members

of the House, and which also is the subject of the bill from the other body.

When America was young, as today there were great storms, tornadoes, floods, hurricanes, and earthquakes. But life was less complicated in those days. There were fewer people, towns and cities, and even these were far apart. Disasters were probably as severe but there was less to be destroyed; human lives were lost but not on the scale possible today.

Our civilization, which is the envy of the world, whether admitted or not, has become vastly complicated with great industrial complexes, densely settled countrysides and thickly populated cities with great buildings for living and working. Growing cities have risen along America's magnificent rivers and busy seaports ring the shoreline. Farms today are not the simple man-and-a-mule endeavor of yesteryear. A considerable investment in buildings, equipment, and vehicles is required for the modern farm. Densely settled residential suburbs envelop every city.

The result of this development is that a great nation is extremely vulnerable in the face of the vagaries of Nature as embodied in floods, storms, hurricanes, and tornadoes and other natural disasters.

In a brief moment the total investment and means of livelihood of many thousands of people can be wiped out, lives can be lost, and the course of the future can be irretrievably altered. In so many instances losses can be total with no recourse.

In the immediate period following a disaster help is forthcoming in the form of shelter, food, and clothing but then comes the aftermath. The moment when the long, long future must be faced, with few resources, with probable indebtedness incurred in acquiring property damaged or destroyed.

The Federal Government has in the past assumed some responsibility in this area. It has acted primarily in rehabilitating, reconstructing, or replacing public facilities, but almost entirely for and through public agencies such as local governments.

This has left a great gray area where the individual stands, possibly without a home and without financial resources, without collateral for loans, or in case of the business establishments, in particular the smaller ones, without its place of operation or with damage beyond its owner's ability to repair and resume business.

Local resources are in few cases sufficient to re-create life as it was before disaster struck, despite rebuilt roads, public utilities functioning again and the like.

More is needed, and the bill now before this body is a means of providing the wherewithal.

During the 1965 fiscal year the Federal Government's allocation under Public Law 875 was over \$85 million. And yet there are many broken homes, shutdown businesses, churches and schools closed, many communities are still without many essential services and considerable resultant unemployment.

H.R. 11581 would accomplish a great deal toward hastening a resumption of normal human endeavor in the wake of the devastating events of the past and ameliorating the effect of the inevitable future disasters.

The terms of this proposed legislation will provide the necessary elasticity and help for the individual as to permit the Federal executive agencies to meet the minimum requirements for putting communities and individuals on their feet once again. It would provide funds for shelter, for grants to farmers, for schools, highways, public utilities, and housing. The excessive burden of loans would be eased for disaster sufferers by extending their terms, by forgiving a portion of the debt or by a moratorium of interest payments. In many cases loans would be made under circumstances where they cannot be procured at present.

No longer will it be necessary for the Congress, in the face of the inadequacy of present relief measures to enact special legislation following each major disaster. It provides for those in unincorporated communities now unprovided for in existing legislation.

There can be no question of the need. Even now, after September's catastrophic Hurricane Betsy which caused over a billion dollars damage and over 200 lives, we now hear of the fifth tropical storm of the season approaching, Elena. There is always the possibility of another disaster.

The purpose of this bill is to treat all sufferers equally and restore them to a capacity to get on with the business of living.

There is one more thing I would like to say. I have long been interested in this question of disaster insurance.

When I was in the other body I took an active part in trying to help set up the programs which would insure crops, wheat, corn, and others. I don't recall whether cotton was covered but I had something to do with covering citrus, the main crop in Florida. I found out the vegetable people didn't want it, although at one time I discussed that possibility.

It does seem to me that this question of disaster, the natural category, is so constant and so disastrous to so many people when it does occur that something should be done about it. As Mr. Kee mentioned, we should set up some permanent method where some fair treatment can be given the sufferers of those disasters.

At one time there might be a hurricane in Florida. Another time it might be a tornado in West Virginia, Alabama, or other areas. Another time it is a flood in the West, and some other time it is something else.

We have such a big country which has a variety of climates. It is almost inevitable that some kind of a disaster can come about as an outgrowth of the forces of Nature, or due to a human error.

This bill before you takes a commendable approach in solving the problem, but I think there should be something like we had during the war, a national disaster insurance corporation. I think this ought primarily to be in the nature of an insurance program. There ought to be a commission, adequate machinery set up by the Federal Government, perhaps in cooperation with the States and the local governments, so that the plan can be administered, but the funds for the support of the plan should be either, in my opinion, raised by a direct tax, call it a disaster tax, it need be small because anybody might suffer.

Mr. Kee mentioned one man. I have seen situations comparable to that in Alabama when I was a boy, and one I shall never forget. Not only was the home blown away but a stanchion was driven half way

through an apple tree that was about 6 to 8 inches in diameter. I shall never forget it. I was a 6- to 8-year-old boy and saw the spectacle of that 2 by 4 blown right through the tree, half way on one side of the tree and half on the other side. It shows the terrible force of the tornado. It is a small area but look what it meant to that man who spent 28 years building up that orchard.

Ordinarily those things are inadequately covered by private insurance. I don't want to do anything to interfere with a man protecting himself as far as he reasonably can.

I am concerned as to whether the insurance of the people in the keys would cover the water damage. They are hurricane insured. I am not clear what the latest ruling has been, but there has been a good bit of doubt raised as to whether the ordinary hurricane insurance would cover water damage.

In Louisiana there is the same question, whether private insurance covers it.

I have been in contact with the State Commission of Insurance in Florida, a Mr. Williams. He is coming up here with a group of his people, or a committee is coming up right away, to confer with Government officials on a plan that they are promulgating, basically a private plan, where he proposes that the Federal Government advance a billion dollars to the private insurance companies who participate in the plan in the nature of a longtime loan which eventually will be paid back, and then they would match that with other funds and in that way with that aid they would try to set up private insurance coverage.

I don't want to discourage private effort in any way, but it seems to me that if we had the machinery set up to distribute the fund, then when you came to the question of what the source of the money should be to pay the damages I feel it should come from one of two sources. One, you should have a special tax levied, and that tax would yield revenue to be put into the disaster insurance fund, and any disaster should be covered. If a man's automobile was caught in a flood, or caught up by the wind and blown over a cliff, he should get recovery for that. Perhaps they would have to work out some way of private insurance.

Mr. CLAUSEN. I think what the gentleman is after is something that will in effect accentuate the positive aspects of an insurance program.

Mr. PEPPER. That is right.

Mr. CLAUSEN. Something in the way of a supplemental program.

Mr. PEPPER. That is right.

Mr. CLAUSEN. I wonder if I might take 1 second, Mr. Chairman, to read to this distinguished gentleman before us, who certainly has had unique experience not only in the hurricane area but also when he served in the Senate—I would like to read this and have comment.

First, we should ask the insurance industry to advise the Congress whether it can or cannot specifically provide adequate insurance underwriting to meet the problem either by individual companies through reinsurance or risk-pooling concepts.

Second, if not, can an arrangement similar to the FHA underwriting Government industry cooperative agreement be developed?

Third, is a subsidy arrangement containing adequately defined insurable limits a possibility—providing the administration of the pro-

gram supplements and does not conflict with reasonable insurance program objectives?

Do you find yourself in favor of that?

Mr. PEPPER. Those are valuable suggestions in a program.

Mr. CLAUSEN. Then I go on to point out that the Red Cross, Salvation Army, Office of Emergency Planning, churches of all denominations, and many other voluntary relief agencies should be brought into the study. Would you agree?

Mr. PEPPER. Yes.

(This information is on p. 20.)

Mr. PEPPER. Another thing would be, Mr. Chairman, that the Congress should appropriate a certain sum of money every year regardless of whether there is any demand for it. It would be like a premium. That keeps the budget from having impact perhaps in one year of several hundred million dollars.

Take a rough figure of \$10 million a year, \$15 million, \$25 million a year. Appropriate it year by year into a disaster insurance fund with such supplements as have to be worked out. Then Congress would not have to do what we are doing here now.

You are trying to get through legislation here at the end of the session to meet this need. Congress would not have to do that.

In the Rules Committee I see these different bills coming through there. One time it is for floods, another time in the Northwest, another time in the South. I raise the question—

Mr. GRAY. There will be another one up there tomorrow.

Mr. PEPPER. As to the details of it, I don't know. I think this is a good bill and it is a good beginning.

I am inclined to think we should pass that bill which was initiated in the other body by several Midwestern Senators. It passed the other body and now it is introduced in the House by Chairman Patman of the House Banking and Currency Committee. I understand it is coming up next week.

That bill proposes a study of the whole subject to determine the best way to do it. All the ideas of the different people may be brought in. It seems there should be an insurance program.

Mr. GRAY. Let me say to the gentleman—in case this bill you refer to does not pass, we believe there will be a remedy in the disaster bill which we reported out on yesterday.

We put section 5 in the bill which does direct the Secretary of the Housing and Urban Development Department, this new Department which has been created, to go forth with an immediate study and report back to Congress within a period of 9 months, I might say, not to exceed 9 months, and there will be \$1,600,000 in the supplemental appropriation bill to finance this study.

I am sure you people in Florida will appreciate knowing that this study will be set up in the next few days to gather valuable information on disaster insurance.

Mr. PEPPER. That is it.

Mr. GRAY. In the bill that we had up yesterday, section 5 calls for an immediate study concerning the disaster insurance the gentleman has talked about. The Deputy Director of the Bureau of the Budget, Mr. Staats, was here yesterday. They have already asked the Appro-

priations Committees to provide immediately \$1.6 million for the study. This probably will get moving before the other one.

Mr. PEPPER. On behalf of a district which is vitally affected by hurricanes and will be a beneficiary of this program, I wish to thank the chairman and the committee for doing that. I am sorry I was not able to be here in person yesterday. I sent a statement which you were good enough to incorporate in the record.

Mr. GRAY. We appreciate very much your appearance here today and your very valuable testimony. I know it will be helpful to us when the time comes to write the bill.

The Chair would like to ask unanimous consent to include a statement from a very able colleague on this committee, Mr. Schmidhauser. Without objection, it will follow Mr. Pepper's testimony.

(The testimony follows:)

TESTIMONY OF HON. JOHN R. SCHMIDHAUSER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF IOWA

Mr. Chairman, I want to compliment the Subcommittee on Flood Control for undertaking completion of this much-needed task, that of providing assistance that will be truly meaningful for individuals who have suffered serious loss because of major disasters.

Earlier this year I had the privilege of participating in the investigation of the disastrous effects of the flooding of the upper Mississippi Valley which hit areas in Minnesota, Iowa, Illinois, and Missouri, and which created a great deal of hardship and economic loss throughout that region. As a new Member of Congress, I was shocked and appalled to find that a large number of the individual citizens in my district who were hard hit by this major disaster, were not afforded assistance from the Federal Government, because no meaningful legislative action had been taken to directly assist those small individual property owners and individuals with limited personal belongings. Yet, in my estimation, these people are the very ones who most vitally need assistance in the time of disaster. There are several areas in my congressional district in which individuals who have worked hard for a lifetime, have had their property destroyed and their possessions damaged by not one, but sometimes two and even three natural disasters within a single year. For example, the residents of the Garden addition in the city of Davenport, Iowa, have suffered recurring damages several times this year, and have been the victims of floods on a sporadic basis for the last 15 years.

Having participated in the careful analysis of the problems faced by the people stricken by natural disasters this year, the first being the Public Works Committee tour of the upper Mississippi flood disaster and the second as a member of the committee viewing the awful effects of Hurricane Betsy to the New Orleans and Baton Rouge area, I want to testify to the full and tremendous need for the constructive legislation which is being taken up this morning. I commend the subcommittee for its speed, preciseness, and action, and stand prepared, as a member of the full committee, to act on this legislation as soon as possible.

Mr. JOHNSON. Mr. Chairman, at this point I would like to place in the record a resolution of the Placer County Water Agency concerning an amendment to Senate bill 1681. They experienced a very disastrous flood in the area of their construction on the Placer County Water Agency project. I believe the flood damage on that one project was about \$25 million. So I would like to place this in the record at this point.

Mr. GRAY. We will be delighted to have it, and it will be placed in the record at this point.

(The resolution referred to follows:)

RESOLUTION No. 65-32 OF THE BOARD OF DIRECTORS OF THE PLACER COUNTY
WATER AGENCY

Whereas Senate bill 1861 (entitled "Disaster Relief Act of 1965"), recently passed by the Senate of the United States, authorizes appropriation of such

sums as may be necessary to repair, restore, or reconstruct certain Federal public projects completed or under construction which have been damaged as the result of a major disaster; and

Whereas the aforesaid bill makes no provision for Federal assistance with respect to public projects undertaken by States and political subdivisions thereof which have been damaged as the result of a major disaster; and

Whereas the Placer County Water Agency feels that such provision should be made: Now, therefore, be it

Resolved by the board of directors of the Placer County Water Agency, That it is the belief of said agency that the Disaster Relief Act of 1965 should provide for Federal assistance in such sums as may be necessary to repair, restore, reconstruct or complete any public projects completed or under construction by or for a State or political subdivision thereof for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction, which has been damaged or destroyed as the result of a major disaster, reimbursement to be made in appropriate manner and under appropriate controls, for the benefit of the public or private entity bearing the economic burden of the costs of such restoration or reconstruction to the extent not reimbursable pursuant to insurance contracts or otherwise; and that such relief should apply to all major disasters occurring on or after July 1, 1964; and be it further

Resolved, That the general manager of said agency is authorized and directed to communicate, at the appropriate time and in the appropriate manner, the contents of this resolution to the U.S. Senators Kuchel and Murphy representing the State of California and Representative Harold T. Johnson representing the district in which said agency is located.

The foregoing resolution was duly passed by the Placer County Water Agency at a special meeting thereof held on the 3d day of August, 1965, by the following vote on rollcall:

Ayes directors: Lambert, Radovich, Jones, Briner, and Paoli.

Noes directors: None.

Absent directors: None.

Signed and approved by me after its passage this 3d day of August, 1965.

FRANK J. PAOLI, *Chairman, Placer County Water Agency.*

Attest:

EVELYN BROZER, *Clerk of the Placer County Water Agency.*

Mr. GRAY. The first witness from the Administration is Mr. Jack Frost, Director of the Emergency Loan Division, Farmers Home Administration, Department of Agriculture.

STATEMENT OF JACK FROST, DIRECTOR OF EMERGENCY LOAN DIVISION, FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HOWARD CAMPBELL, DIRECTOR, FARMERS HOME DIVISION, OFFICE OF THE GENERAL COUNSEL

Mr. FROST. Thank you, Mr. Chairman. I am glad to be before this committee again to participate to the extent we may on the pending bill. I have with me Mr. Howard Campbell of the Office of the General Counsel of the Department, who will join with me.

Mr. GRAY. You may proceed.

Mr. FROST. We have no prepared statement, Mr. Chairman.

The part of this bill that would affect the Farmers Home Administration, as far as my part of the Administration is concerned, would change our statutory eligibility requirement with regard to an applicant's ability to obtain credit from other sources. That relates to the emergency loan applicant.

In the past, under the statutory authorization as it is today, we make loans only to otherwise eligible applicants who are determined by the

Farmers Home Administration to be unable to obtain credit from other sources.

Now, Mr. Chairman, that is not quite as strict as it might sound, and I am not making this statement either for or against this bill. I just want you to know how we administer it in the past.

Our field employees work very closely with other lenders. When we receive an application from an applicant having a financial statement indicating that he should be able to obtain credit he needs from a bank or production credit association, we confer with the bank or the production credit association, and then determine in our own minds whether the applicant has credit available to him at reasonable rates on terms to meet his need. We could say, I think, that we test the availability of credit in this regard more than we test the applicant and arrive at a conclusion.

Now, under this bill that requirement would be removed, would no longer be statutory for loans up to \$30,000, I believe.

Mr. GRAY. May I interrupt you there?

Mr. FROST. Yes, sir.

Mr. GRAY. Are you saying, then, if a farmer is hit by a disaster, let's say, Hurricane Betsy, and he has had credit from the Farmers Home Administration in the past, and he owes either the Farmers Home Administration or a credit adjustment association, or anyone else, and then all of his assets are wiped out—are you still saying this strict test of financial ability would be applied on any new assistance rendered?

Mr. FROST. In that event, Mr. Chairman, he almost would be automatically eligible for our assistance because a determination will already have been made for him.

Mr. GRAY. I mean, under present statutory authority, without this bill we are considering or similar bills, he would be eligible for future assistance although he might owe you now under present law?

Mr. FROST. He would be eligible for future assistance from us. In that regard, it is our policy to continue with the borrower as long as he and we decide he has reasonable prospects of working out of his situation over a period of time. Frankly, we have worked many years with some of them. We don't let them go as long as we think and they think they have reasonable prospects of working out and can return to normal lending.

Mr. GRAY. But the point I am trying to establish is, if he owes you, say, \$30,000, and he is struck by a disaster and comes in and needs another \$50,000 to get back on his feet, he is now going to owe the Federal Government \$80,000 plus interest. Is this true?

Mr. FROST. Yes.

Mr. GRAY. There is no forgiveness feature now, in the law.

Mr. FROST. Not in making the loan as provided in the bill we discussed yesterday. But we do have what we call debt settlement statutory authority, under which we can settle a borrower's indebtedness in accordance with his ability to pay over a reasonable period, but not less than the security for the loan.

Mr. GRAY. You can settle for less if he does not have the assets or projected income to pay it in full. Is that right?

Mr. FROST. Or the ability to pay over a reasonable period. We usually think of that as 4 or 5 years.

Mr. GRAY. So, in essence, this is a forgiveness as a direct result of a disaster, but it does not set down, as we did yesterday, a maximum of \$1,800?

Mr. FROST. That is right.

Mr. GRAY. It leaves it up to the judgment of your Administration as to how much the forgiveness should be, based upon his assets?

Mr. FROST. Based upon his reasonable ability to pay and the security for the loan.

Mr. GRAY. It is really his assets, isn't it? If his assets had been wiped out and he is not able to pay the loan he already owes——

Mr. FROST. In the example you are citing, if his assets are wiped out, it would then be based on his ability to pay.

Mr. GRAY. You could forgive some of the old indebtedness?

Mr. FROST. Yes. It is discretionary under the law.

Mr. GRAY. The reason I am asking about this in detail, I am wondering how this bill would be of any material benefit to the farmer if you already have the forgiveness feature in the law.

Mr. FROST. You mean the bill we are talking about today?

Mr. GRAY. S. 1861, the bill before us.

Mr. FROST. I think the author of this bill took into consideration the fact we do have that authority, and the purpose of this bill, as far as we are concerned on the subject we are talking about right now, is to open it up with regard to the ability to obtain credit from other sources. In other words, this would be people not indebted to us. They are coming to us, and we do not apply the same test, the availability of credit for them, if they need no more than \$30,000.

On that subject, I would like to say to you that during the fiscal year 1965 we made only about 175 loans in excess of \$25,000.

Mr. GRAY. This would cover the majority.

Mr. FROST. This would open it up approximately to all of them. It is just a matter of information.

Mr. GRAY. Putting it very simply, this bill would apply to new disaster victims and would not cover those already owing you. For example, in Louisiana some of them were hit with the last hurricane.

Mr. FROST. That is the end result of it, because they have already qualified as far as eligibility, or ability to obtain credit from other sources. That would be the net result.

Mr. GRAY. This would be new applicants under a new disaster?

Mr. FROST. Right. And I assume it would be confined to areas also designated by the President. As you know, the President's designation does not automatically authorize us to go in, but we follow behind that with a designation by the Secretary of Agriculture.

Mr. GRAY. Mr. Frost, does your Administration take any position along the lines of the bill we passed yesterday on the maximum amount of forgiveness on new loans you make? Say you make a \$30,000 loan and you find out the farmer is not able to repay. He has no remedy under this act like he would under the bill we passed on yesterday where he could have up to \$1,800 forgiveness?

Mr. FROST. That is right. He would get nothing under this bill we are now considering.

Mr. GRAY. Do you think we should go that far and set a dollar limitation as we did in the bill yesterday?

Mr. Frost. I think—and I would ask Mr. Campbell to back me up on this—I think we have authority to not forgive a loan we are making, but to consider a borrower's total indebtedness and determine what he might need in order to give him the ability to, and to work with other creditors, too, when he owes them, and the same direction.

Would you like to comment on that?

Mr. CAMPBELL. If I understood the chairman's question, it embraces the question of whether or not, as a matter of uniform Government policy, this bill should likewise set a formula for—

Mr. GRAY. A maximum dollar amount.

Mr. CAMPBELL. The Department has not taken a position on that kind of a proposal because the draft of the bill which I have seen, anyway, did not raise that issue. As far as the Farmers Home Administration loans are concerned, I think if you set a maximum forgiveness limit you would be restricting the existing authority rather than helping anyone.

Mr. GRAY. Maybe my analysis of this has been a little bit fuzzy. What I was trying to point out is that no maximum dollar amount is set down, and this farmer, say, in Louisiana or some place else, before he can get any forgiveness on the old loan has to almost show bankruptcy, and I am afraid he is not going to have money set aside to do other things other than to take care of the Farmers Home Administration loan. He has other problems—furniture, and things your agency does not touch. Whereas, if he had some guidelines as to what he could expect under the Farmers Home Administration loan, this might relieve some of his other assets for other necessities. I am wondering if you have given any thought of setting a dollar amount as a remedy so these farmers would have some idea of what they could expect.

Mr. Frost. Mr. Chairman, the items you have mentioned are authorized for emergency loan purposes. We do loan for furniture, for tractors, or to repair those damages.

Mr. GRAY. You can replace household goods?

Mr. Frost. Yes. We can take care of almost all of his cash credit needs, particularly when it is a direct result of a natural disaster. We think we are geared, as Mr. Campbell pointed out, to do a pretty good job with them along the lines you are talking, more so than if we were restricted. The only difference would be we would not make the loan and immediately turn around and cancel out, but go along with them, and if we found he would be unable to pay the amount of his indebtedness we would get down to business on this subject.

Mr. GRAY. I certainly want to give other Members a chance to ask questions, but since you do not have a prepared statement I thought probably this was the best way to bring out the points.

Having dealt extensively with the farmers as to these needs for disaster insurance, do you feel this committee and this Congress should make this a national policy and try to provide at least cooperation with the private insurance companies in trying to provide a disaster insurance program?

Mr. Frost. Mr. Chairman, I will let Mr. Campbell say for you if he would like. You place me in a position of answering a question that the Department of Agriculture would have to answer, and I can't answer that question.

Mr. CAMPBELL. I believe that, generally speaking, the agencies in the Department of Agriculture would be very willing and helpful in any study of the availability of a broader disaster insurance program. The chairman and the gentlemen are aware that the Department has for years had the Federal program of crop insurance.

Mr. GRAY. I might say this evidently has been a satisfactory program because I have a number of counties in my district that are petitioning to get on the program and haven't been so designated. So evidently it is a success.

Mr. CLAUSEN. Will the gentleman yield?

Mr. GRAY. Yes.

Mr. CLAUSEN. I am a little bit familiar with the crop insurance program. Let me ask you this: Would it be possible to amend the crop insurance program or to tie in the crop insurance program with all other forms of disaster insurance?

As you know, in order to provide benefits for an insurance program you have to have premium income, and the broader the base of premium income, the broader the opportunity to provide the benefits. So if we could include all of these disasters in one category and present this in a package to the insurance organizations, do you see any reason why the crop insurance could not be integrated into an overall nationwide disaster insurance program?

Mr. CAMPBELL. This is a matter of personal opinion. I would say it might be entirely possible to do so. If the gentleman studied the history and the origin of Federal crop insurance he would recall that various private insurers undertook an insurance of crops on a nationwide scale but were unable to accumulate the coverage from premium payments sufficient to make it an all-risk type of coverage.

The crop insurance itself started out primarily in the field of wheat. It has since been brought about in certain designated areas to cover other crops, or all crops produced on farms.

It has gone through an experimental history, and I am not working directly in that field at the present time, but I would think that experience on Federal crop insurance might be of considerable aid to a Federal or cooperative Federal and private insurance which would cover all sorts of damage arising.

Mr. CLAUSEN. Would you say this was the primary fact that the need for crop insurance was unique for areas affected by hailstorms and that sort of thing and not necessarily throughout the country because the risk factor was unusually high? Would this not be the case?

Mr. CAMPBELL. It is my opinion that the need is just as broad in all types of country and in all commodities. For that reason it should be feasible to work out a broad general national program of disaster insurance and not limit it to particular crops or particular areas.

Mr. CLAUSEN. I think my question perhaps has been answered but I want to be certain we are thinking along the same lines—whether or not the crop insurance program as you have observed this in the Department of Agriculture could be integrated into a broad national disaster insurance program.

Mr. CAMPBELL. I think I would have to say we would have to see what the broad national program is and see whether that offered opportunities for integration of the present program or whether the

present crop insurance program is so different from the results of the anticipated study of a national disaster program, and that the crop insurance still should retain its separate procedure.

Mr. CLAUSEN. Are there any factors unique to the crop insurance field so that you would suggest we leave it out of consideration?

Mr. CAMPBELL. Yes, there are. This is again a matter of personal opinion. The crop at the growing stage normally is affected by weather conditions. The crop is the anticipated income of the farmer. Most of your property losses can be established. You are able to establish some sort of valuation of the property you are insuring. Total production of a crop cannot be forecast with reasonable degree of accuracy because the yield is uncertain and the price is uncertain.

We started out insuring crops for a dollar value, and in the case of wheat with regard to the number of bushels. That proved to be an unworkable system because it involved price fluctuation.

We tried to offset that by putting bushels of wheat in stores so we could sell the wheat and get the current market price of the wheat and pay the indemnity. That was too expensive.

Mr. CLAUSEN. But the actuaries were able to develop something to deal with these variables in this case, were they not?

Mr. CAMPBELL. Actuaries in that case really were working on anticipated yields based on historical records of the farm and of the county.

It is not done in the same way as property and life insurance.

Mr. CLAUSEN. Certainly you would have no objection to its being included as part of the study?

Mr. CAMPBELL. I am not in a position to object to that.

Mr. FROST. In connection with the Louisiana situation, Mr. Chairman, I have been trying to learn all I could about crop insurance because we will need to know that in administering that part of the bill which relates to our work. I found this, and I am not trying to talk for crop insurance, that, of the 50 parishes where we make emergency loans in Louisiana, 13 are covered by crop insurance for cotton. I found out, also, that the program varies a little even between parishes. They try to insure up to average production and the farmer is given an option at the beginning of the year as to whether he wants to insure to that extent at 20 cents per pound, at 25 cents per pound, and a maximum of 30 cents per pound for another rate. In any event they try not to pay to him, if his losses are that much, less than the expense that he has incurred in going into that particular crop.

I say that just as a matter of general information as to how the crop insurance program is working with cotton.

Mr. GRAY. You mentioned 13 counties affected by the hurricane covered by crop insurance.

Mr. FROST. For cotton.

Mr. GRAY. Do you know how many of the counties grow cotton?

Mr. FROST. Probably not over 15 or 16 of them.

Mr. GRAY. Almost all of them were covered.

Mr. FROST. That is right, and that would be pertinent to us in administering that part of the bill.

Also there are some counties with rice insurance, crop insurance on rice and crop insurance on soybeans.

Mr. GRAY. That answers the question propounded a while ago as to the doubt that everyone would take out this kind of insurance. I

think it shows that if it is available people will take advantage of it. If 13 counties out of approximately 15 that grow cotton in Louisiana had the crop insurance it is a good indication that, if the program is available, generally people will avail themselves of the opportunities.

Mr. FROST. Yes.

There are many other counties.

Mr. GRAY. Ninety percent were covered which grow cotton.

Mr. FROST. Yes. I have one other comment and Mr. Campbell then wants to talk about another section of the bill.

As we pointed out yesterday in connection with the other bills, in addition to our emergency credit revolving fund which will be required for that bill, and that is the bill of yesterday that I am talking about now.

Mr. GRAY. Right.

Mr. FROST. We are of the opinion, and we are not in a position to make any definite suggestions as to amount, that this bill would also require an addition to the emergency credit revolving fund. I think we would have time in the future to work that out. We thought it should be in the record that we probably would need an addition to the emergency credit revolving fund.

Mr. GRAY. An additional authorization or appropriation?

Mr. FROST. Appropriation. These loans are made out of a revolving fund. We do not get annual appropriations for it.

Mr. GRAY. It would not require reauthorizing?

Mr. FROST. No, we might need more money.

Mr. GRAY. I follow you.

Mr. CRAMER. Do you presently have authority to make grants for either rehabilitation of the farmland or for the farmers' possessions?

Mr. FROST. Are you asking about the Farmers Home Administration now or the Department?

Mr. CRAMER. Any Department program.

Mr. FROST. The Farmers Home Administration does not have that authority.

Do you want to speak for the Department, Mr. Campbell?

Mr. CAMPBELL. There is an authorized program of disaster or emergency agricultural conservation payment. The pattern of that program is to restore soil productivity which may be affected by a flood or other disaster and the removal of debris caused by such a disaster. Those payments have been in the form of a fluctuating percentage of the cost of restoration, I think from 50 to 80 percent of the total cost of restoration going out of the Federal appropriation. The landowner assumed the balance of the cost.

Mr. CRAMER. Those are grants?

Mr. CAMPBELL. Out of the agricultural emergency payment program.

Mr. CRAMER. How do you judget between 50 and 80 percent?

Mr. CAMPBELL. I am sorry, Mr. Cramer, that this is out of my field. I don't know what considerations went into it.

Mr. CRAMER. I assume we will have witnesses which will speak to that? What Bureau is that?

Mr. CAMPBELL. Agricultural Stabilization and Conservation Service.

Mr. GRAY. At some later date we will be glad to call them.

Mr. CRAMER. We ought to know what this agency does relating to this program. They are in the grant field?

Mr. CAMPBELL. That is right.

Mr. GRAY. I would suggest we call them.

Mr. CRAMER. Section 7(b) deals with grants, two-thirds rather than 80 percent. I think we need to explore why the difference in percentages, what the program is now, and what this will do.

You have a loan program and not a grant program.

Mr. CAMPBELL. That is correct.

Mr. CRAMER. You said in your submissions to the Senate, as I recall it, that you would recommend under section 4, relating to grants, limiting this to homeowners and business. If Congress as a matter of policy decides to do this it should include farmers; is that correct?

Mr. CAMPBELL. I believe that is what was in the Department statement; yes, sir.

Mr. CRAMER. Do you know whether the Department, as a matter of policy, favors making grants as provided in section 4?

Mr. CAMPBELL. This section to which you refer is a program which authorizes—

Mr. CRAMER. Fifty percent.

Mr. CAMPBELL. State plan partly supported by Federal.

Mr. CRAMER. Fifty percent Federal, 25 percent State, and 25 percent local. That is homeowner expense.

As a matter of policy do you support such a program?

Mr. CAMPBELL. I think I would have to stand on the exact language of that report before you, Mr. Cramer.

Mr. CRAMER. In other words, this gets to the heart of the question as a matter of policy. Should the Federal Government reimburse in this instance 50 percent of the cost of reestablishing personal property, personal or real property?

Mr. CAMPBELL. The Senate committee also had available the general comment from Mr. Staats which stated the administration position.

Mr. CRAMER. I believe in your testimony yesterday you indicated—take Florida as an example—with yesterday's bill and under your present authority there would be only two counties included, Dade and Monroe.

Mr. FROST. That is right, as of today.

Mr. CRAMER. I understand, presently designated as disaster counties.

Mr. FROST. That is right.

Mr. CRAMER. And therefore only farmers within those two counties could get relief under either present law or the bill passed yesterday.

Mr. FROST. That is right.

Mr. CRAMER. Passed by this committee yesterday?

Mr. FROST. That is right.

Mr. CRAMER. The next question is this: How about the farmers within the peripheral area? It is obvious disasters do not follow county lines.

Mr. FROST. Mr. Cramer, the information we have is that there was not too much farm damage.

Mr. CRAMER. Let us assume there is some on the peripheral areas of the counties designated.

Mr. FROST. We have a man who works full time in that area. The report he sent to us indicated that there was not damage, but we can have him look at it again.

Mr. CRAMER. Let us assume there was damage.

Mr. FROST. All right. If there is a general need for agricultural credit in adjoining counties which cannot be met by local sources, then the Secretary of Agriculture would be authorized to add those counties to the list.

Mr. CRAMER. That gets to the point "general need." Does that mean a majority of the farmers involved, a substantial number of farmers involved, or what?

Mr. FROST. The latter.

Mr. CRAMER. Suppose you had 200 farmers and 15 are involved. Would they or would they not be entitled under present law or this bill before us to relief?

Mr. FROST. Fifteen would not quite be substantial.

Mr. CRAMER. That is why I posed the question, because I figured it would not be. Those 15 farmers still have the same amount of damage, however, and the same problem. Why shouldn't they be included?

Mr. FROST. If you have an actual situation like that I can see no reason why they should not be included.

Mr. CRAMER. My next question is this: If they are to be included it would require an amendment of existing law?

Mr. FROST. As far as designating an area; yes, sir.

Mr. EDMONDSON. North Carolina has a disaster area and exactly what the gentleman is talking about happened there, where one section of a county adjoining a disaster county was severely hurt, but the other townships of the county were not.

I requested that one township within a county be designated disaster. They pointed out this was not usually done, could not be done. At that time they could not justify the county to be declared disaster.

However, upon reexamination the county was declared disaster and disaster aid was given in the township. This is a real problem and we will have to grapple with it to meet the full impact of this legislation.

Mr. CRAMER. I thank the gentleman. That illustrates clearly why I brought up the point. Under present law that is the situation which unfairly can develop.

I have one other question.

Mr. FROST. If I may elaborate a little. We do have an authority to make emergency loans outside of designated areas when the natural disaster has not been general to the entire area and has affected only a small number of farmers.

In the situation you gave where not more than 15 farmers had been affected we probably could meet their needs under our regular authorities under the authority I just mentioned but it would not make this bill we discussed yesterday applicable to the area.

Mr. CRAMER. What is the citation of that authority? Where do you have such authority?

Mr. FROST. Section 325, Farmers Home Administration, 1961.

Mr. CRAMER. Does the Agricultural Stabilization and Conservation Service have authority to your knowledge to provide for grants in such a situation?

Mr. FROST. No; there is no relationship between the two historically at all.

Mr. CRAMER. In other words, that organization is limited to designated counties in making grants for restoration of land?

Mr. CAMPBELL. I think it has been administered on a countywide basis.

Mr. CRAMER. So you may have authority to do so but ASCS probably does not. I think that is another point we should explore when ASCS comes up.

You got into the next question I wanted to ask, and this is my last one: According to your answer do I understand that you have authority to make available loans? We will have to ask ASCS about grants—to area not designated as national disaster areas? For instance, we have tornado damage which occurred.

Mr. FROST. If it affected a small number of farmers, yes, we could make the emergency loans to those applicants if they meet those requirements.

Mr. CRAMER. Under the same terms and conditions?

Mr. FROST. We could do anything for them that we presently do under the emergency loan program, but the bill which was considered yesterday would not apply to it.

Mr. CRAMER. Suppose tornado damage was substantial but localized to the extent that it would not be declared a national disaster? Are you limited by the present law in giving or not giving aid in that instance? In other words, you have a substantial number of farmers in a local area but not enough to make a national disaster designation by the President.

Mr. FROST. Actually there is a no man's land.

Mr. CRAMER. That is what I am talking about. Where is it?

Mr. FROST. We try to reduce it to the greatest extent possible. In other words, if not more than 15 or 20 farmers are affected then we go to the nondesignated group; or if 25 or 30 are affected we have in a few instances—well, you never know exactly how many are affected, so we have in some cases designated, realizing that one of the requirements would be that loans would be made only to those who are unable to get loans from other sources.

Mr. CRAMER. You admit there is a no man's land?

Mr. FROST. There is.

Mr. CRAMER. Where you have a substantial number of farmers—

Mr. FROST. My lawyer says no, that there is not.

What I am trying to say is that when only a small number of farmers are affected we can take a nondesignated route. When more than that are affected Mr. Campbell says we can designate it.

Mr. CAMPBELL. I have to make a distinction. The provision of the act dealing with emergency loans is part of a general Federal credit program to meet emergency situations. Therefore the Congress directed that the Secretary of Agriculture in his work on emergency situations look at the credit needs of the area so that there would be no competition with available agricultural credit.

The Secretary of Agriculture's determination to extend this emergency credit therefore is based on two findings—that there was a natural disaster which caused general damage in the area.

Mr. CRAMER. Natural disaster and not national disaster.

Mr. CAMPBELL. Natural; and, second, that that natural disaster has had an effect on the availability of private and cooperative credit.

When he made such determination he would declare the area available for emergency loans under the Consolidated Farmers Home Administration.

The impetus of this is addressed to continuing the farm in operation by making sure they will have credit, recognizing the disaster probably has influenced the farmer's ability to pay off his existing loan maturity and to get cash money for his next year's operations or to restore his ability to have continuing farm operation.

To that extent there is some comparability to the objectives of Federal programs which have primarily for their purpose other assistance to victims of disaster.

However, we should keep in mind that the authority of the Secretary of Agriculture under subtitle C of the Consolidated Act is to finance the farm in operation.

If I have not completely answered it, in those areas where the credit needs can be met by existing financing, section 325, to which Mr. Frost called your attention a while ago, does take care of actual losses suffered by isolated farmers suffered from a natural disaster which was not general to the area.

Mr. CRAMER. Do we or do we not have a no man's area?

Mr. CAMPBELL. To what?

Mr. CRAMER. Existing programs and losses suffered.

Mr. CAMPBELL. Existing Federal programs including the 875 programs? Yes; I will concede there are losses which are not within any existing programs.

Mr. CRAMER. Time will not permit us to develop it, but can I ask the chairman to have you submit a memorandum designating the no man's land area so we will have guidance in drafting the legislation?

Would the chairman make such a request?

Mr. GRAY. Without objection we shall leave the record open at this point for such a statement if Mr. Campbell will be kind enough to supply it.

Mr. CRAMER. In section 4 if you are to be included, on line 7 it relates to major disasters and not national disasters and not those limited to those designated by the President, as I understand it. They are major disasters.

Mr. CAMPBELL. My impression was that the definition on the first page did take care of it.

Mr. CRAMER. You are correct. This act, and whatever it remedies, it would not cover the natural disasters situation you mentioned which you can now cover to some extent, unless it is a national disaster so declared by the President.

Mr. CAMPBELL. That is correct.

Mr. FROST. Not a national disaster. It would be a major disaster under 875.

Mr. GRAY. Declared by the Secretary and not the President.

Mr. FROST. Mr. Cramer is referring to the declaration by the President.

Mr. CRAMER. That is what the proposal is.

Mr. FROST. Major disaster pursuant to 875. That is by the President.

Mr. CRAMER. The bill before us is "as determined by the President." That has to be declared a national disaster by the President.

Mr. FROST. Yes; except he calls it a major disaster pursuant to Public Law 875.

Mr. KEE. I think I might perhaps clarify one point that my distinguished colleague from Florida has raised.

Several months ago I was in a rural county in my district. I was in the middle of addressing the chamber of commerce. In came a telephone message that a tornado had struck. It was hard for me to believe because we had not had one since 1892 or 1893.

I cut my remarks short and went over to this area. We had one of these freak tornadoes. We had a man who had an apple orchard. That man spent 28 years in building that apple orchard. The local folks there, including representatives from the Farmers Home Administration and the other agricultural people, said he grew the finest apples in our section of the country.

I went over and it was something you would have to see to believe. That man's home was completely destroyed. He had machinery which was stored in a cinder-block building. The cinder-block building was completely destroyed. Every apple tree which he had was just mowed down just as though you had taken a lawnmower and clipped them.

Fortunately, we had a very able representative in that county. Then the State man came down, also, to see what could be done.

This tornado ruined only this one man's farm.

All they could do under the existing authority, which, of course, helped the man, would be to make him a loan. There was no grant provision or anything else. Everything that he had was lost. They could go in and loan him the money where he could rebuild his home, and give technical advice.

He cannot just turn around and start the next day, so the Farmers Home Administration did everything they could under existing authority to help that man to have a cash crop and income coming in.

I went back to meet with them the next day. They said, "You have to figure out some way to have an income. Why don't you now start planting potatoes and we will help you sell the potatoes." He had to do it the hard way. This was just a case where only one farmer was absolutely wiped out. All of his life's work was completely gone within a matter of a few seconds.

I agree something should be done to make provision for a grant in such a case. His home, refrigerator, everything was completely gone.

Mr. GRAY. Other questions?

Mr. CLAUSEN. Mr. Chairman, I am wondering possibly if in the future you might have these people coming back before the committee. I am sure we will need more than just a few minutes to interrogate those people.

Mr. GRAY. It is our intention to hear every witness who can contribute anything to these hearings. If there are questions I am sure these gentlemen would be delighted to come back, if not tomorrow when we resume the hearings early in the next session.

Mr. CLAUSEN. To follow up Mr. Cramer's comments, as I understand it under your existing act you have authority whereby the Secretary of Agriculture can in effect declare a disaster area similar to the SBA. Is that correct?

Mr. FROST. That is right. The law calls it an emergency area. We do that deliberately to distinguish it from other disaster areas.

Mr. CLAUSEN. So in some of these peripheral areas Mr. Cramer has referred to the Secretary would have authority to declare that peripheral area a disaster area and thereby qualify for the program you have available?

Mr. FROST. Or if only a small number is involved, such as the case mentioned by Mr. Kee, and I am well familiar with that one, we can make the loan without any additional designation by the Secretary.

Mr. GRAY. Can you give them the 3 percent interest rate?

Mr. FROST. Yes, sir, make the same loan exactly.

Mr. CLAUSEN. Who makes the request of your particular Department? Whose request do you honor? Is it the Governor?

Mr. FROST. We do not have to have recommendation or request from the Governor. Our established procedure places upon our local man, as Mr. Kee mentioned, the responsibility for keeping our State director informed at all times of conditions in his particular territory. It is the State director's responsibility to keep us here in the national office informed, and it is our responsibility to recommend to the Secretary the time we think emergency loans are needed. By that process we get designations made throughout the country.

Mr. CLAUSEN. Do the States themselves, do the State departments of agriculture, have any form of assistance which works in cooperation with your programs?

Mr. FROST. Financial assistance? I believe in California they may have. Perhaps you know about the veterans' program out there.

Mr. CLAUSEN. Yes.

Mr. FROST. I think some of the different States might have but I am not familiar enough with them to say.

However, we do cooperate and they cooperate with us. For example, we just finished planning for Louisiana a telecast between the State commission of agriculture and our State director and a member of his staff on the very situation which exists there and what we have been trying to do about it.

Mr. CLAUSEN. I am sure these are not the proper people to ask this question of. I have a particular problem in my district relating to emergency feed and how it is administered.

Will we have people on that?

Mr. GRAY. It will be our intention to call representatives from ASCS.

Mr. CLAUSEN. Thank you.

Mr. GRAY. Thank you very much, gentlemen.

Mr. CAMPBELL. I would like to call the staff's attention to a technical point or two on page 4 of the Senate bill. Line 10, in the administration of subtitle 3, it should be subtitle capital C.

On page 13 of the Senate version of the bill of July 26 there is provision which amends section 306 of the Consolidated Farmers Home Administration Act to give the Secretary some new authority.

I would call the committee's attention to the fact that since this bill passed the Senate there has been enacted Public Law 89-240. In your consideration of the material on page 13 I think there is some duplication of authority over that contained in the recently enacted 89-240.

Mr. GRAY. Thank you very much, Mr. Campbell, for your testimony. We shall certainly use your advice in future legislation we might report out.

Thank you, gentlemen.

I want to announce before we adjourn that hearings will resume at 10 a.m. tomorrow, at which time we will have some distinguished Members of Congress, the Bureau of Public Roads, the Administrator, Mr. Whitton, and we will have someone from the Small Business Administration.

The meeting will stand adjourned until 10 a.m. Friday.

DISASTER RELIEF ACT OF 1965

FRIDAY, OCTOBER 15, 1965

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 2167, Rayburn House Office Building, Hon. Kenneth J. Gray presiding.

Mr. GRAY. The Subcommittee on Flood Control will please come to order.

The committee is in open hearings for further consideration of S. 1861 and related bills to provide assistance for areas suffering a major disaster.

The committee met on yesterday and heard a number of Members of Congress and administration witnesses and it is our purpose this morning to hear additional witnesses. We have some distinguished Members of Congress here this morning, and with their permission I would like to call first a representative of the Small Business Administration who is to appear on the Senate side this morning to ask for additional funds because of Hurricane Betsy.

Mr. Ross Davis, Executive Administrator of the Small Business Administration, will be our first witness. Mr. Davis, we are delighted to have you here. We appreciate your schedule and are glad to accommodate you in this regard.

**STATEMENT OF ROSS D. DAVIS, EXECUTIVE ADMINISTRATOR,
SMALL BUSINESS ADMINISTRATION; ACCOMPANIED BY JOHN
KIVLAN, ASSISTANT GENERAL COUNSEL, AND LEROY CORCORAN,
DEPUTY GENERAL COUNSEL**

Mr. DAVIS. Thank you, Mr. Chairman, and members of the committee. I very much appreciate being taken out of turn. I want to be sure nothing happens across the street.

Mr. GRAY. Yes; we want to be sure of that, too.

Mr. DAVIS. Mr. Chairman, I have a brief statement here which I would like, with your permission, to submit for the record and present it in summary form.

Mr. GRAY. Without objection, your entire statement will be printed in the record at this point.

(The statement referred to follows:)

STATEMENT OF ROSS D. DAVIS, EXECUTIVE ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Under consideration by the subcommittee today is a bill (S. 1861), which has been enacted by the Senate, to provide additional assistance for areas suffering a major disaster.

From the discussion we had earlier this week, when I testified here in connection with H.R. 11539, I know that the subcommittee is conversant with the disaster loan activities conducted by the Small Business Administration under section 7(b) of the Small Business Act. Dispensing with background information, therefore, I will address myself directly to section 3(d) of the bill relating to 7(b) loans for the repair, rehabilitation, or replacement of property damaged or destroyed by a major disaster.

In substance section 3(d) provides that SBA may make such a loan in the amount of \$30,000 or less, in the case of a homeowner, or in the amount of \$100,000 or less, in the case of a business concern, without regard to whether the financial assistance is otherwise available from private sources.

Existing instruction to the field regarding the availability to disaster loan applicants of credit from private sources read as follows:

"It is not necessary for applicant to have been denied assistance or participation by his bank to be eligible to apply for a disaster loan. The processing office need not make an investigation nor shall the applicant be required to submit evidence concerning the availability of credit from other sources.

"If, however, the processing office has reason to conclude that funds may be otherwise available (1) on reasonable terms from a financial institution or other sources or (2) from the applicant's own resources, without undue hardship, such conclusion should be verified. If the evidence proves to be accurate the disaster loan should not be made or favorably recommended."

In substance, then, the general rule is that our people do not concern themselves with the question of whether a disaster loan applicant needs the help he is requesting or with the question or whether he can obtain his needs from private sources on reasonable terms. These inquiries, always made in the case of business loans, would not be suitable to the urgencies which characterize the disaster loan program. Time is of the essence in providing assistance to disaster victims.

The only exception to this general rule arises when, in the course of processing an application, our people come upon evidence which raises either of the questions I have just described. Then, and only then, do we throw up a flag.

We think that this procedure is essential to the basic purpose of the disaster loan program—to put back on their feet those victims of disasters who cannot rise of their own strength.

We recognize that our assistance to the disaster victim does not compensate him for the losses which he has suffered. Our help is in the form of a long-term, low-interest loan which must be repaid. At the same time, the 3-percent interest rate which we charge falls considerably short either of the cost entailed to the Government or the cost of similar financing in the private market. To this limited extent, therefore, our loan entails an element of a gift. This element may amount to as much as 23 percent of the principal on a 30-year, 3-percent loan—compared with a 5½-percent loan for the same term. Under these circumstances, it would appear that the taxpayers' interests are better served if we do not make these loans available to people who clearly do not need them.

This very point was explored at the hearing held on H.R. 11539 before this subcommittee. You will recollect that concern was expressed that the \$1,800 forgiveness feature embodied in H.R. 11539 would go to persons who did not, in fact, need it. The answer to this problem, we said, was that we did not make a disaster loan to any person who we knew could get financing from private sources.

I realize that it probably is not the intent of the bill to depart from this tenet. Nevertheless, I fear that, despite the dollar limitations placed on the proposal, it would have that effect. In my judgment, it would be far better to continue the existing system. For this reason, I do not recommend the adoption of the proposal.

Mr. DAVIS. Thank you, Mr. Chairman.

From earlier discussions this week it is abundantly clear to me that the members of this committee are thoroughly familiar with our disaster loan operation. Accordingly, I will move directly to a discussion of section 3(d) of the bill here under consideration as it relates to the disaster loans for repair and replacement of property damaged by a major disaster.

In substance, section 3(d) provides that the Small Business Administration may make such a loan in the amount of \$30,000 or less, in the case of a homeowner, or in the amount of \$100,000 or less, in the case of a business concern, without regard to whether the financial assistance is otherwise available from private sources.

Now I understand, Mr. Chairman, that the purpose of this proposal is to assure that applications are handled as expeditiously as possible. We have issued instructions to our people who are operating our disaster programs which read as follows:

It is not necessary for applicant to have been denied assistance or participation by his bank to be eligible to apply for a disaster loan. The processing office need not make an investigation nor shall the applicant be required to submit evidence concerning the availability of credit from other sources.

If, however, the processing office has reason to conclude that funds may be otherwise available (1) on reasonable terms from a financial institution or other sources or (2) from the applicant's own resources, without undue hardship, such conclusion should be verified. If the evidence proves to be accurate the disaster loan should not be made or favorably recommended.

This means, then, that our general rule, which is currently in effect, is that our people do not concern themselves with the question of whether a disaster loan applicant needs the help he is requesting or whether he can obtain his need from private resources on reasonable terms. This inquiry, which we make as a matter of course in our business loans, is not made in the case of disaster loans because we realize that time is of the essence in processing disaster loans. So the only exception in not asking the question and moving as expeditiously as possible is when our people come upon some evidence which suggests almost conclusively that the applicant has resources which he ought to use for this purpose.

Now, we think that the procedure as we describe it is essential to our basic purpose, which is to put the victim back on his feet, but only those victims which need this kind of help.

Let me explain this a little bit.

We realize our assistance to a disaster victim does not compensate him for the losses he has suffered. Our help is in the nature of long-term, low-interest loans which he must pay. At the same time, the 3 percent interest rate we charge on our loans is not only under the cost of money to us as an agency, but very substantially under the rate that he might get on the public market. So in this sense the financing which the applicant gets from the Small Business Administration represents in principle some kind of subsidy or gift or however you want to describe it. Our economists tell us if you compare a 3 percent loan for 30 years against more normal kinds of financing, that the gift element would be somewhere between 20 and 25 percent of the principal. Consequently, we feel we ought to have a reasonable rule, a rule that does not hinder us in processing applications but a rule that does require that where this help is totally unnecessary, we do not get it.

Members of this committee will recollect we had some discussion of this point last Monday. The question was raised as to whether the \$1,800 forgiveness provision which we were then considering might not go to people who did not need this help, and in answer, as you will probably recollect, we stated that under our system of operation where it came to our attention that the disaster loan was not necessary, we would not give the loan. Consequently, we felt there was not much chance that the \$1,800 would go to people who did not need the assistance.

MR. GRAY. Let me interrupt there. You are referring, of course, to the bill we reported out day before yesterday with regard to Hurricane Betsy?

MR. DAVIS. That is right.

MR. GRAY. Is it your feeling that on the \$1,800 forgiveness, if your people on the scene, say in New Orleans, determine that the applicant does not need either the \$1,800 or a loan, do you feel this would be the basis for denial of the application, and, if so, who would make that determination? Would it be made by your local regional office? And if the applicant protests the action of the local regional office would there be a review of it or would the final decision be up to the local level?

MR. DAVIS. If there was a discussion or dispute on this point, then the matter would be moved up as high as necessary. We are not trying to maintain a rule here that is very rigid in its application and I would put it this way: The rule would come into play when it is clear that all reasonable men would agree that a disaster loan to this particular individual or business is really unnecessary in light of the resources that this business can command.

To give one brief illustration, let us assume a giant corporation—you can supply the name—has a plant in this vicinity. It is a matter of common knowledge that one of the great problems of this corporation is that it has so much cash that it really does not know what to do with it. Under those circumstances I think we would find it hard to justify making 3 percent loans available to this corporation.

MR. GRAY. Let me interrupt there. I was referring primarily to the \$1,800 forgiveness. I am trying to find out what your feeling is if a small homeowner comes in and your local man may find he has a couple thousand dollars in a savings account. I raise the question because on page 4 of the bill we have under consideration, S. 1861, subsection (d) it says "without regard to whether the required financial assistance is otherwise available from private sources." This makes it mandatory that you not even look into whether the applicant has private resources. I am wondering whether you should in this legislation, as in the other, have the right to check on whether the applicant has financial resources?

MR. DAVIS. Yes; this is exactly our position.

MR. GRAY. You feel the language here goes too far when it says "without regard to whether the required financial assistance is otherwise available from private sources?"

MR. DAVIS. I think it does.

MR. GRAY. You find that language disagreeable to you?

MR. DAVIS. I would urge the committee to not accept this particular proposal. I used the \$1,800 arrangement as an illustration of the kind

of thing we can get into. I take it in the other legislation the decision we would have to make is whether the man is eligible for a disaster loan, meaning he does not have resources from other sources. Once we make the decision that yes, indeed, he is eligible for disaster assistance, then if that other proposal is adopted he would automatically get the \$1,800. We would not go further into the basic need. So we would urge that the rule we presently have embodied in our regulations is sound, and that is that where it is clear that the applicant has easy access to resources, that we be permitted to deny a disaster loan to that person.

Mr. GRAY. Of course, I can see some pitfalls in that proposition. In my district 1 out of every 10 small businesses make applications at one time or another for a loan, and you know how it is, they tend to inflate their equity, and I wonder, if they should show on paper sometimes earlier that they had an equity of \$10,000 or \$20,000, you would say, "You have financial resources and therefore we deny you the \$1,800" or, under this bill, a loan up to \$30,000 in the case of a homeowner, whereas the family next door who keeps quiet gets the loan, a grant. This is the thing I am afraid of. That is no reflection on the Small Business Administration. I think they have done a tremendous job in the case of Hurricane Betsy, and in general, but I am wondering if we are not giving too much discretion to the man at the lower level without some right of review at a higher level?

Mr. DAVIS. Mr. Gray, I appreciate your concern. In response I would say that the committee should—if I may suggest—reflect upon the thrust of our regulation as I put it in our statement. I think this clearly shows it is our purpose not to delay the making of these disaster loans to do a lot of finagling around to try to find an excuse not to make it; to find that somehow this applicant could get assistance elsewhere. I think it is clear and our practice reflects that only in the most—if I may use the word—outrageous circumstances do we apply this rule.

What I am saying, Mr. Chairman and members of the committee, I am giving you my assurances and my strong feeling that under the rule we have applied the theory in a very equitable manner and I anticipate we will continue to do so.

Mr. GRAY. You really do not believe this would pose too much of a problem?

Mr. DAVIS. I do not think so, Mr. Gray.

Mr. GRAY. Do any of the members have any questions?

Mr. BALDWIN. Mr. Chairman.

Mr. GRAY. Mr. Baldwin.

Mr. BALDWIN. Mr. Davis, is it your recommendation that on page 4 of S. 1861, in subsection (d) that we simply strike the wording "without regard to whether the required financial assistance is otherwise available from private sources", or is it your recommendation that we strike subsection (d) in its entirety?

Mr. DAVIS. It is my recommendation that we drop the whole subsection. It would not add anything if we strike only the language you referred to previously. In other words, it is unnecessary if you agree with the rule we currently apply as set out in my statement.

Mr. BALDWIN. Thank you.

Mr. GRAY. Pursuing this line of thought, under the existing law you do not have a ceiling, and under subsection (d) you have a \$30,000

ceiling. Do you not think, for your protection, we should say it should not exceed \$30,000? Do you not think there should be some ceiling?

Mr. DAVIS. I think if you decide you want us absolutely not to consider any outside resources, then the section as written, limiting this rule to homeowners for \$30,000 and businesses for \$100,000, is well drafted.

Mr. GRAY. What is your feeling, Mr. Davis? Do you think we need a ceiling? If we strike the whole subsection as you suggested a moment ago, then we would have no ceiling whatsoever and this might cause problems.

Mr. DAVIS. Let me go back, Mr. Chairman. As I read this entire subsection it adds nothing to our present authority to make disaster loans. It does say, however, that with respect to homeowners who are borrowing \$30,000 or less, or with respect to businesses who are borrowing \$100,000 or less, "You are not authorized to consider whether this particular type of borrower has access to other resources." That is the thrust of the subsection.

If you agree with my suggestion that this waiver of the limitation—if that is the correct term—is unnecessary and undesirable, then you will strike the whole subsection. On the other hand, if you are still concerned that some deserving homeowner or business that falls within the category described in this subsection might be denied a disaster loan unfairly simply because some bureaucrat thought he had too much money, then you should leave the section in.

Mr. GRAY. Mr. Johnson of California.

Mr. JOHNSON. Mr. Davis, I just want to make one observation. In the consideration being given the homeowners and small businessmen, do you treat each of these cases individually? Say we have five small businesses and they are all damaged about equally. As to their circumstances, do you consider each case individually?

Mr. DAVIS. Yes, Mr. Johnson. We consider each individual application, make a judgment, and make individual loans to each one.

Mr. JOHNSON. That applies also to the individual homeowner?

Mr. DAVIS. That is correct.

Mr. JOHNSON. The reason I am asking this, if you dig into a man's financial status and you find somebody has been fairly thrifty and has lost everything, and the man next door has not taken care of his assets, he participates in the loan and the other man does not? Is that what you are trying to say here?

Mr. DAVIS. No. I am trying to say this is not the case. Only in the way-out situation where every reasonable man would agree he does not need this help would we deny it on this ground. Actually, our approval rate is 88 percent. We are required to find that there is a possibility of repayment. Some of our applicants have a long record of judgments against them and it is clear they do not pay their debts. We are required under our law to eliminate these people as applicants for disaster loans. Despite that, our approval rate is around 88 percent of all applications submitted to us, so I think that alone would suggest we are not arbitrarily eliminating individuals who should be getting disaster loans on the ground they have enough of their own personal resources.

Mr. JOHNSON. That is your general application, but does this apply in the Hurricane Betsy area or does H.R. 11539 modify it somewhat?

Mr. DAVIS. I do not think H.R. 11539 makes any changes. Did you find any problems along this line in California, Mr. Johnson?

Mr. JOHNSON. I presume the disaster area in California did not receive the same consideration that will be given the people in the Hurricane Betsy area.

Mr. DAVIS. With respect to this rule, Mr. Johnson, both places would be treated alike. So there is no change.

Mr. JOHNSON. That is your rule, but under the bill I do think the Louisiana-Florida-Mississippi area has been treated a little differently.

Mr. DAVIS. I think that is true.

Mr. JOHNSON. Do you agree that is true?

Mr. DAVIS. Yes, I agree.

Mr. JOHNSON. Would you agree that the same treatment in this area should be included in the general legislation?

Mr. DAVIS. If I understand your question, Mr. Johnson, I feel, particularly in the light of the legislation just reported out of this committee and assuming it will be adopted, that we ought not to change the rule about credit being otherwise available as an inhibition to making these disaster loans. H.R. 11539 does not reach that. What I am suggesting is that this particular provision in S. 1861 should not be adopted.

Mr. JOHNSON. That is all.

Mr. GRAY. Summarizing, then, Mr. Davis, having gone to New Orleans and having experienced similar disasters since you have been in the Small Business Administration, it is your feeling we do need general legislation covering natural disasters, but you take exception to the provision in the bill before us that it must be mandatory that you not look into the financial circumstances of the applicant?

Mr. DAVIS. Thank you for that summary, Mr. Gray. That is exactly correct.

Mr. KEE. Mr. Chairman.

Mr. GRAY. Mr. Kee.

Mr. KEE. I apologize for being so late coming in.

Mr. Davis, I would like to ask a question that is important in my district and I expect in other districts also.

In the Big Sandy area in 1957 there was a flood, a natural disaster, designated as such by the President of the United States. I saw water down there that I would never have believed to have been possible. Your agency helped finance our small business people that were actually wiped out, and I mean actually wiped out. The stocks of grocery stores and other businesses were completely gone and there were beautifully constructed buildings and substantial homes that were washed out.

Again in 1962 we had a flood and I went down in 1962—that flood was in March—and the only way we could get there was by helicopter. You could not get in there by any other means. In the flood of 1962 during a several-day period the flood came up three times. Then in 1963 the flood was much more serious than the previous flood of 1957. What happened was, we lost the largest employer we had in the area. Quite a few loans were made in 1957 by the Small Business Administration and the small businessmen were coming back in 1962 to be refinanced. In 1963 a few of them went back for a third time.

What I was wondering, what would be your position on these folks that have really been hurt? A man and wife we know had a store and they put everything in the world they had in it. What would be your position in a case like that? Would you make it possible for them to have a little forgiveness? We may have another flood down there tomorrow. What would be your position on that?

Mr. DAVIS. Well, of course, we are required to operate within the framework of our statutory authority which does not authorize the kind of forgiveness, for example, that this committee had before it. Where the situation is as bad as it is in Betsy there has been consideration to this forgiveness approach. I think it would be better if we had some permanent method of dealing with this problem rather than loans and forgiveness and things of that nature which are, at best, a stopgap measure. But, to return to your question, we try to be as liberal as we can in refinancing. But we do not have authority to forgive a portion of this debt.

Mr. KEE. Thank you.

Mr. GRAY. Thank you very much, Mr. Davis.

Mr. DAVIS. Thank you.

Mr. GRAY. And I thank our colleagues for letting us hear from the Small Business Administration first. I certainly appreciate your patience.

Our first witness is our distinguished friend and colleague, the Honorable George P. Miller of California. We appreciate your patience and you may proceed in your own fashion.

STATEMENT OF HON. GEORGE P. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MILLER. Thank you very much, Mr. Chairman. I know the problems that sometimes confront a committee and I was glad to accommodate the previous witness.

I offer for your consideration a suggested amendment which is designed to cover an area of void in the coverage provided by the present Federal disaster assistance law, Public Law 81-875, and in the amendments included in S. 1861 approved by the Senate.

As you know, under present law local public facilities such as irrigation systems, flood control, and public power projects under construction, when damaged by major disaster are ineligible for Federal assistance simply because the facility has not been activated and turned over to the public operating authority at the time the loss occurs. Had projects of that type been completed before the disaster struck, and if they were in operation by the public authority when the loss occurred, the damage would be covered by Public Law 81-875 and the full cost of restoration and repair would generally be paid from Federal funds. This is a desirable result, since the cost of restoration and repair would otherwise have to be borne by those intended to be served by the facility.

The amendment which I proposed would make public facilities, under construction by or for a State or municipal agency, damaged or destroyed as a result of a major disaster, eligible for partial Federal assistance. Rather than make these public projects, damaged while under construction, eligible for restoration and reconstruction at Fed-

eral expense, reimbursement in this instance is limited to 50 percent of eligible restoration and reconstruction costs. Eligible costs are defined in the amendment to mean those costs incurred or to be incurred in restoring the damaged facilities to substantially the same condition as existed prior to the damage resulting from the major disaster, and costs necessary to complete construction not performed prior to the major disaster to the extent such costs exceed original construction costs because of changed conditions resulting from the disaster. The amendment provides that the eligible costs, to be shared by the Federal Government, are subject to determination by the Director of the Office of Emergency Planning, who administers Federal disaster assistance on behalf of the President and who makes other determinations under S. 1861. Specifically excluded are any costs for which reimbursement is received pursuant to insurance contracts or otherwise.

In our disaster experience, and in many of our States, there have been a number of instances of damage to public facilities designed to provide essential services to their communities and under construction when a major disaster strikes. In a number of recent cases, partially constructed projects were practically destroyed. While some of these losses are subject to insurance protection—and to the extent they are insured, they are not covered by this amendment—the ultimate burden of reconstruction must be borne in large measure by the residents of those communities visited by the disaster. The expense of reconstruction of public facilities damaged during construction must in many instances be passed on to the consumer and local communities in the form of higher rates for the services rendered from such facilities. Delays now encountered in reconstruction due to inability to obtain funds also work to the detriment of the same groups intended to be benefited. To impose these costs on those already burdened with other disaster-related obligations, rather than on the public at large, is an additional hardship which this amendment seeks to avoid. The 50-percent limitation on the Federal contribution to reconstruction costs spreads the economic burden of this type of loss equally between the United States and the person or entity suffering the damage.

Illustrative of the situation which this amendment is intended to cover is the American River project in northern California. When that area was visited by “once-in-a-hundred-years” floods in December 1964, there was under construction for the Placer County Water Agency, a public agency of the county, several dams, tunnels, and related public power and irrigation facilities on the Middle Fork American River. The project was approximately 56 percent completed when the disaster struck. Through no fault of the public agency or the contractors, a substantial part of the completed work was destroyed. The manner in which these losses will be ultimately divided between the public agency and the contractors pends resolution. Had this project been completed and under operation by the public agency when the disaster occurred, the full cost of reconstruction would have been paid by the Federal Government, under existing law. The proposed amendment would provide for a 50-percent Federal contribution to the cost of reconstruction when the loss occurs, as it did in the instance cited, prior to completion of the project. This amendment is needed to provide a fair and reasonable cost-sharing arrangement ap-

plicable to those public projects where full insurance protection is economically infeasible and where cost of reconstruction would otherwise ultimately be borne directly or indirectly by those intended to be benefited. I urge your favorable consideration of this amendment.

I have some copies of the proposed amendment that I offer here.

Mr. GRAY. Thank you, Mr. Miller. The proposed amendment will be made a part of the record at this point.

(The amendment referred to follows:)

AMENDMENT TO S. 1861 AS REFERRED TO THE COMMITTEE ON PUBLIC WORKS IN THE
HOUSE OF REPRESENTATIVES, JULY 26, 1965

Proposed by Mr. Miller to S. 1861, a bill to provide additional assistance for areas suffering a major disaster, viz: On page 24 after line 18, insert the following:

"(c) There is hereby authorized to be appropriated such sums as may be necessary to reimburse not more than 50 per centum of eligible costs incurred to repair, restore, or reconstruct any project of a State, county, municipal, or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster, and of the resulting additional eligible costs incurred to complete any such facility which was in the process of construction when damaged or destroyed as a result of such major disaster. Eligible costs are defined to mean those costs determined by the Director of the Office of Emergency Planning as incurred or to be incurred in (i) restoring a public facility to substantially the same condition as existed prior to the damage resulting from the major disaster, and (ii) completing construction not performed prior to the major disaster to the extent the increase of such costs over original construction costs is attributable to changed conditions resulting from the major disaster. Reimbursement under this section shall be made to the State, county, municipal, or other local governmental agency which is constructing the public facility or for which it is being constructed: *Provided*, That if the economic burden of the eligible costs of repair, restoration, reconstruction or completion is incurred by an individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance), the State, county, municipality, or other local governmental agency shall reimburse such individual, partnership, corporation, agency, or other entity not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received pursuant to insurance contracts or otherwise by the party incurring the economic burden of such costs."

Mr. GRAY. Mr. Johnson.

Mr. JOHNSON. I want to welcome my longtime friend and colleague from California here this morning and I want to say to him that I support his proposed amendment.

I might say that during the California disaster we had about five projects in the category covered by the proposed amendment, and I know how hard it was on those who were constructing those projects to find themselves washed away the next morning, including most of their equipment, while the day before they were carrying on their activities and moving ahead with the project. Congressman Miller has given us a very fine statement giving the circumstances of these projects and I want to say at this time I am in full support of the proposed amendment by Congressman Miller. I consider it a very necessary amendment to the bill that is before us, S. 1861, as a general bill. At the proper time, when we mark up this particular piece of legislation, I want to say to Congressman Miller that I will be in favor of his proposed amendment. I want to thank you for a very fine statement.

Mr. MILLER. Thank you.

Mr. GRAY. Any further questions?

Mr. JONES. Mr. Chairman.

Mr. GRAY. Mr. Jones of Alabama, the distinguished chairman of the Subcommittee on Flood Control.

Mr. MILLER. I know Mr. Jones. It seems I met him about 20 years ago when we came to Congress together.

Mr. JONES. I might say one of the things that has occurred in those 20 years is, if I have made any progress, it has been by observing Mr. Miller's legislative conduct.

Mr. Chairman, I, too, want to commend the gentleman from California. I think it would have been a loss to the committee if his amendment had not been brought out. I am particularly interested in the last proviso that permits the Federal Government to engage in municipal activities notwithstanding the fact that State statutes might prohibit such reimbursement.

Mr. GRAY. Any further questions?

Mr. BALDWIN. Mr. Chairman.

Mr. GRAY. Mr. Baldwin.

Mr. BALDWIN. Mr. Chairman, I would like to commend the gentleman from California for bringing to the attention of the committee this amendment. I am familiar with the damage in this particular instance in California as a result of the major flood we had, and it seems to me this proposed amendment is a constructive way of dealing with this type of situation.

Mr. GRAY. You used the term "public facilities." I take it you are referring to Federal facilities outside the Army Corps of Engineers?

Mr. MILLER. That is right. Those that are funded and paid for by political subdivisions for their benefit and advancement.

Mr. JONES. Mr. Chairman, the House-Senate conferees go into session at 11 o'clock on the flood control and rivers and harbors bill. We will have to take our leave.

I am hopeful we can conclude that conference and be back in time to hear other witnesses.

Mr. GRAY. Our chairman, Mr. Jones, made a valuable contribution and we shall certainly excuse him.

Mr. JONES. Thank you, Mr. Chairman. I, too, want to commend you.

Mr. MILLER. I feel confident on this side because I see two westerners over there.

Mr. GRAY. You are very well protected on this committee.

Mr. MILLER. May I ask to have this letter inserted in the record?

Mr. GRAY. Without objection it may be inserted at this point in the record.

(The letter and resolution follow:)

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA,
Washington, D.C., October 15, 1965.

HON. GEORGE H. FALLON,
*Chairman, House Public Works Committee, Rayburn House Office Building,
Washington, D.C.*

DEAR CONGRESSMAN FALLON: At the recent midyear board meeting of the Associated General Contractors held in Columbus, Ohio, the attached resolution supporting the amendment to S. 1861 was adopted by the AGC board of directors.

I respectfully request that this resolution be incorporated into the record of the hearings on this legislation.

Sincerely,

WILLIAM E. DUNN, *Executive Director.*

"RESOLUTION

"Whereas the U.S. Senate, 89th Congress, 1st session, has acted favorably upon S. 1861, an act to provide additional assistance for areas suffering a major disaster; and

"Whereas provision is made in said legislation for Federal assistance in the repair of designated public facilities damaged while under construction pursuant to specific authorization of the Congress, but assistance coverage is not extended to identical projects damaged by a major disaster while under construction by or for a State, county, municipal, or other local government agency; and

"Whereas a fair and reasonable cost-sharing arrangement, applicable to those public projects where full insurance protection during construction is economically infeasible and where cost of reconstruction would otherwise ultimately be borne directly or indirectly by those intended to be benefited, should be provided in Federal disaster assistance legislation: Now there, the Board of Directors of the Associated General Contractors of America, in meeting assembled at Columbus, Ohio, this 20th day of September 1965 do hereby

"Resolve, That the association does strongly support the amendment of S. 1861 to authorize the Federal Government to provide partial reimbursement for the costs incurred to restore and reconstruct public facilities under construction for a State, county, municipal, or other local government agency, damaged or destroyed as a result of a major disaster. The association suggests that the Federal contribution be limited to 50 percent of the cost not covered by insurance or otherwise, consistent with standards of eligibility and safeguards to be provided in the amendment;

"Resolved further, That the Committee on Public Works of the House of Representatives be urged to schedule hearings on companion legislation to S. 1861 passed by the Senate and that Federal assistance of the type herein requested be included in any bill approved by the committee, by the House, and by the Congress;

"Resolved further, That the officers, appropriate committees, and members of this association be and they are hereby authorized to take such further actions as may be appropriate to the accomplishment of the objectives of this resolution."

Mr. GRAY. Our next witness is the very distinguished gentleman from Colorado, Mr. Rogers.

Would you please come forward?

We are very delighted to have you before the committee this morning. You always make a valuable contribution to this committee when you appear before it and we are delighted to welcome you here this morning.

Before you begin your testimony let me say that it was my pleasure to be one of the members that visited your State after your terrible floods. I want to commend you and the other members of the Colorado delegation for the help which you gave your people and this committee.

We appreciate your contribution on that occasion, also.

**STATEMENT OF HON. BYRON G. ROGERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF COLORADO**

Mr. ROGERS. May I express my appreciation to you and the members of the subcommittee for coming to Denver, Colo., shortly after the disaster of June 16, 1965, where the most devastating flood ever experienced took place, and the damage that was done was tremendous. Your presence there, together with that of other members of the committee, in evaluating the situation has been of tremendous assistance to the agencies involved in making loans and carrying out their duties and responsibilities.

I do not have a prepared statement but I might start out by saying that as a result of this disaster all four members of the Colorado delegation introduced legislation in connection therewith. My particular bill is H.R. 9890. Congressman Aspinall introduced a similar piece of legislation, and Congressman McVicker and Congressman Evans did likewise. In fact, we took into consideration S. 1861 and copied it from Senator Bayh's original bill in the U.S. Senate which was approved on July 22 of 1965.

Mr. GRAY. Has your proposal modified the Senate bill 1761 or is it identical?

Mr. ROGERS. I think it is almost identical in every particular, even down to the amendments which were adopted when it was considered in the Senate on July 22.

I might be in error on certain particulars, but they would be minor in nature. The objective is the same.

We recognize that the big change here is what is also set forth in H.R. 11539 which permits the loaning of money—that is in section 3 as it relates to the Small Business Administration. I may say that the funds that are available have run out so far as the Small Business Administration is concerned and certain loans are not being accepted or processed. The Small Business Administration office in Denver, Colo., is not accepting applications and I will mention that at a later date in connection with your bill H.R. 11539.

Mr. GRAY. You mean at the present time they are refusing to accept applications?

Mr. ROGERS. I was informed that as of Tuesday, unless you had an application on file——

Mr. GRAY. Prior to a certain date?

Mr. ROGERS. On file prior to Tuesday morning of this week they would not even process it because they have run out of money, and that they were hopeful that the revolving fund, where some \$30 million is involved, would make it possible for them to continue to process the loans that have been accepted. They also point out that unless we do get some legislation authorizing additional appropriation and supplemental appropriations that the Small Business Administration will be at the end of its rope.

As one fellow said: "We might as well fold up down there until Congress gives us the necessary money to carry out the acts already in force and effect."

Mr. GRAY. The supplemental on yesterday had \$76 million additional money for the revolving fund, so perhaps this is a temporary thing. I certainly hope so.

Mr. ROGERS. I hope it keeps them going.

Really, aside from the features which are shown and the small change, they adopt the principle we had under Public Law 875 as I understand it, in my bill and in S. 1861.

However, we attempt to get at the individual who may have suffered a disaster and we attempt to reach them here in this bill. As the committee knows, aside from the loans at a small interest rate and assistance to the individual who may have a home that is destroyed or an individual who has a business that may be destroyed, there is no direct subsidy, so to speak, from the Federal Government.

Section 3 of these bills has tried to set out a cooperative plan whereby if the State would pass certain statutes and agree to participate in them, then benefits would be made available to individuals who may have suffered loss. This section 4 merely provides that the Federal Government should participate up to 50 percent and the State and local governments participate in the other 50 percent according to a State plan. Of course, that is not a novel approach because many of the programs that we have, have participation by the State and the Federal Government.

Therefore the main feature of my bill, H.R. 9890 and S. 1861, as I see it, is the ability to at least help competency up to a sum certain. I believe the exact sum is limited in certain areas. A State must have its plan and we cooperate with them. Therefore, I believe that we should approach this problem in that area and either report my bill or S. 1861 to the House for further consideration.

I would like to discuss for a moment H.R. 11539 which, as I understand it, limits it to the States of Florida, Louisiana, and Mississippi.

An appropriation of \$70 million is shown in section 6. I know of the disaster that the people in those States suffered. I am delighted to see that this committee has taken a step to see that they are granted certain relief under this bill; but I would also like to say that if possible, after you get it on the floor there, you should take into consideration getting sufficient money for the Small Business Administration and the other agencies of the Government to carry out the intent of 875 and the other provisions wherein the Federal Government makes its contribution.

With that I urge you to report favorably either my bill, H.R. 9890 or S. 1861.

Mr. GRAY. Thank you very much for your very helpful testimony.

What you are saying, Mr. Rogers, is that instead of having to deal with these disasters on a piecemeal basis, which we have had to do in the case of the Northwest and in the case of Florida, Mississippi, and Louisiana, we need general legislation so that if Denver has a recurring flood or any other section of the country has one, we will have basic legislation so we can go to work immediately to take care of the problem.

Mr. ROGERS. You express it well.

Mr. GRAY. Any questions?

Mr. JOHNSON. No questions, but I would like to thank the gentleman from Colorado. He certainly pointed up a number of items which should be included in the overall bill. I agree with him fully.

I sympathize with him in the disaster he had in his State. We had one earlier in California.

Mr. MARTIN. I would like to thank the distinguished gentleman. I want to apologize to him for being late.

In looking over the testimony of Mr. Rex Whitton, the Federal Highway Administrator, I see where he says that—

We believe that repairs or reconstruction of highways on the Federal-aid system necessitated by disasters and an integral part of the cost of the system are a foreseeable element of cost and should be charged to the highway trust fund as are the original construction costs.

In looking over the bill which has passed the House, H.R. 6790, the latter part of the bill states:

Sixty per centum of the expenditures under this section for any fiscal year are authorized to be appropriated from the Highway Trust Fund and the remaining 40 per centum of such expenditures are authorized to be appropriated only from such moneys from the Treasury—

and so forth.

I wondered what your thought was on the appropriation of this money, whether you felt some, legitimately, should come from the so-called general fund because of repairing the highways, which would help the communities, and so forth.

Mr. ROGERS. I take the position we should maintain the trust fund and keep it valid. We should not open it up for raids from one area or another. So far as I am concerned where there is a national disaster I would just assume that it should come from the general fund rather than from the highway trust fund because there is a program set out for the construction, the 41,000 miles in connection therewith, and taxes placed which produce the revenues which go into that fund.

In my State and in my city, when this flood came, we had cooperation from the highway department and the civil defense setup. They paid a contribution of approximately two and a half million dollars for the construction for the roads and bridges which were destroyed. Therefore, my answer would be that personally, I believe it should come out of the general fund rather than the trust fund because the Interstate System has not been completed.

If we meet the program as originally intended let us keep the trust fund valid.

Mr. MARTIN. I thank the gentleman for his testimony.

Mr. GRAY. Thank you very much, Mr. Rogers.

We next want to call our very distinguished colleague from Colorado, also, Mr. Roy H. McVicker.

I also want to say to you in behalf of the committee how thankful we are for the assistance you gave us when we visited Colorado during your floods of recent date. We certainly appreciate the contribution which we are sure you will make this morning.

STATEMENT OF HON. ROY H. McVICKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. McVICKER. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to appear in support of S. 1861, the Disaster Relief Act of 1965. Together with other members of the Colorado delegation I have introduced similar legislation, H.R. 9888.

There is no need to once again portray the details of the disastrous flood which hit Colorado, June 16. This was the worst disaster in the history of our State. The Corps of Engineers' estimate of damage is over \$500 million.

A special subcommittee of this committee, chaired by Congressman Edmondson, of Oklahoma, inspected the damage in Colorado on July 12.

Their report has been issued and, I know, brought to the attention of this subcommittee. It is so extremely well done that it speaks for itself and does not need further amplification by me.

I was present in Colorado immediately after the flood struck. I saw the havoc wreaked upon the people, public works, and the economy of my State. I held meetings in my district with local people and with State and Federal representatives to inform them of available Federal assistance and to expedite rehabilitation and cleaning up.

The assistance from Federal officials, the dedication of these servants was impressive to me and to the citizens of my district. I want to thank you for this opportunity to comment on their services. Also, the time given by members of the Edmondson subcommittee for their compassionate attention to our problems is appreciated by all of the people in my State.

After I returned to Washington from my devastated area my staff prepared a thorough analysis of previous disaster legislation.

For example, the special bills necessary for rehabilitation after the Alaska earthquakes, the great Pacific Northwest flood and since then the bills presented by States hit by tornadoes and hurricanes.

The magnitude of the disaster in my own State is not dissimilar to those States that have had to press for such legislation.

The question came to mind, Why do we have to do this after every disaster strikes?

We immediately came to the conclusion that present legislation was not sufficient. Discussing this problem with other members of my delegation, Congressmen Aspinall, Rogers, and Evans, we had all reached a similar conclusion and consequently introduced similar legislation to that which you are now considering.

As we are all aware, the potential for damage from natural disasters continues to mount with the ever-expanding population and the growth of our urban centers.

Repair and reconstruction of damaged public facilities is well provided for in present legislation but little or no assistance is available to the private sector of the economy.

Despite the fast and effective aid offered my constituents by local, State, and Federal governments, and many private organizations, these were either short-term or fell far short of the needs. Little or no direct financial assistance is available to the individual homeowner or businessman or farmer who loses everything except his obligations in a disaster.

Frankly, I want to see provisions made for those individuals whose life savings are tied up in a home that is now destroyed or who is burdened by a mortgage on a home now destroyed.

I support the provisions of this bill which would establish a disaster fund for non-Federal-insured loans; the provisions and implementation of such a fund resting with the individual States.

We do not want handouts. We do not want the Government to step in and simply do for people what they ought to be doing for themselves. But we do want to find a way to help people who have been brought to their knees through natural disaster and who have no resources to get back on their feet.

The resultant economic difficulties to entire cities and even States should be averted. A man who has labored to own his own home or

his own business, unable to obtain flood insurance, sees a life's savings wiped out in a few hours, certainly it is as important to restore him as it is to rebuild a bridge or a road.

A comprehensive disaster bill should acknowledge this fact.

We must enact an omnibus disaster relief bill to provide a basic authority for all Federal disaster relief programs, to replace the current procedure of enacting special supplementary relief legislation each time a major disaster occurs.

I urge in the strongest possible terms the passage of the Disaster Relief Act of 1965.

May I also say a word about the subcommittee which did come to Colorado. None of those who called had any home roots there, but the work they did there and the long, hard schedule set out, a schedule on which I accompanied you, is very much appreciated. The attention you gave to detail and the efforts you made go beyond understanding. The people of my State greatly appreciate that. This was a representation of Congress and it was the highest type of representation. It was a superb effort and we all appreciate it.

Had it not been for a dam, a dam which was called a pork barrel dam, the extravagance of the Federal Government, and it was called the greatest foolishness that Federal bureaucracy ever put out, had this dam not been in existence we would have suffered at least another \$300 million of damages.

I assure you that there is not today in all of Colorado, especially in the Denver area, a nonbeliever. As is so often true, we all need individual proof of what can happen in order to bring out the righteousness of what is done by those who have vision.

If this action of Congress is proper, it certainly should be proper not only for Colorado but the Midwest States and any other State where damage has hit. This bill is morally justified.

This is the substance of most of the testimony I know you have been hearing and I am very pleased to have had this opportunity myself to add my voice to the fact that I think the role this committee is now playing and the direction it is taking is a right one and one badly needed.

You are hearing from Members of Congress who have had a disaster in their own area. A great number have not had one, but I would bet my bottom dollar that given a disaster they would be in this committee long ahead of me. We all know that.

The foresight of this committee in knowing that would make a major contribution to the people of our country and not just my own State.

I want to thank you, Mr. Chairman.

Mr. GRAY. Questions?

Thank you very much for coming and sharing your views with us this morning.

We are very delighted to have as our next witnesses the very able and distinguished Administrator of the Federal Highway Administration, Mr. Whitton, and the outstanding Chief Engineer, Mr. Frank Turner.

Will you gentlemen please come forward?

As always this committee and every subcommittee of the House Committee on Public Works is delighted to welcome you. You always

make a very valuable contribution, Mr. Whitton. You may proceed in your own fashion, and for the record if you would like to introduce your assistants we would appreciate it.

STATEMENT OF REX M. WHITTON, FEDERAL HIGHWAY ADMINISTRATOR, BUREAU OF PUBLIC ROADS; ACCOMPANIED BY FRANCIS C. TURNER, LAWRENCE CASAZZA, AND CHARLES HOLLIS

Mr. WHITTON. Thank you, Mr. Chairman and members of the committee.

We have Mr. Turner, the Chief Engineer, on my right, Mr. Casazza, Director of our Office of Administration, and Mr. Hollis, one of our attorneys in the Bureau of Public Roads.

We are happy to be here again, as we always are, to express the views of the Bureau of Public Roads and the Department of Commerce on S. 1861, a bill to provide additional assistance to areas suffering a major disaster.

Recently, various sections of our Nation have experienced serious losses of both life and property because of natural disasters such as earthquakes, tidal waves, floods, hurricanes, and tornadoes. This bill is an overall effort to remove the necessity for special authorizations following a natural disaster.

The only section of this bill with which the Bureau has a direct concern is section 11 which permits an increase in the Federal share payable for repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President, to as much as 100 percent. It would also authorize \$50 million to be appropriated annually from the general fund for emergency highway relief projects under section 125 of title 23, United States Code.

By way of background, I would like to point out that sections 120 and 125 of title 23, presently govern the use of emergency relief funds for the repair and reconstruction of highways, roads, and trails which have suffered serious damage as a result of an emergency declared by a Governor and concurred in by the Secretary of Commerce.

The Federal share of the cost of emergency repairs on the Federal-aid systems, as provided by section 120(f), is normally 50 percent. Public Law 88-658, which was enacted last year, amended this section to provide that the basic 50 percent be increased by a percent equal to the percentage which the area of certain nontaxable Indian and public domain lands, exclusive of national forests and national parks and monuments, is of the total land area of the State, where such lands exceeds 5 percent of the State's total area. The formula is popularly known as the sliding scale.

Hence, the Federal share on emergency projects is now subject to the same sliding scale as is applicable to the original construction of projects financed with primary, secondary, and urban funds. Presently, 13 States qualify for such additional Federal cost-sharing under the sliding scale, the total per centum for each varying, with Alaska having the highest—95.02 per centum.

Sections 120(f) and 125(c) provide that the Federal share may amount to 100 percent of the cost of emergency repairs to forest highways, a program which is administered by the Department of Commerce. The cost of repair may be financed from the highway trust fund.

Existing law also authorizes the emergency repair of forest development roads and trails, administered by the Department of Agriculture, and park roads and trails and Indian reservation roads, administered by the Department of the Interior. Such repairs are also eligible for 100-percent financing out of the Highway Trust Fund, under the authority of section 125(c).

Section 11(a) of S. 1861 which this committee is considering this morning would amend section 120(f) of title 23, by increasing the Federal share payable to 100 percent on account of the repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President. Otherwise, the existing law would continue to apply.

While we recognize that natural disasters impose a substantial burden upon all affected, we believe there are sound reasons for continuing a requirement for State matching for disaster repairs similar to that required for the original construction.

The State matching procedure is well established and these disaster repairs can be provided for like other reconstruction. At the time a Federal-aid highway is reconstructed after having been damaged by a disaster it is rebuilt to current standards and is not simply a replacement in exact kind of the preexisting highway. Therefore, the cost of these improvements should be shared in the usual manner. We believe the revised sharing formula authorized by Public Law 88-658 is equitable and should be continued. Accordingly we recommend against inclusion of section 11(a).

Section 11(b) would provide an authorization of \$50 million from the general fund for fiscal years 1965 and 1966 and for each fiscal year thereafter for emergency relief for the repair or reconstruction of highways, roads, and trails suffering serious damage as a result of disasters. However, on July 17, 1965, Public Law 89-41 was approved by the President, which authorized appropriations out of the general fund of the Treasury of \$50 million for the current fiscal year and \$20 million for fiscal year 1966 for reconstruction of highways damaged by natural disasters.

These authorizations are in addition to the existing \$30 million annual authorization in section 125 of title 23. Therefore, we believe that the purpose of section 11(b) has already been accomplished insofar as fiscal years 1965 and 1966 are concerned, and we recommend that the language of section 11(b) be amended to provide an authorization of \$50 million for the fiscal year 1967 and each succeeding fiscal year.

At this point, I would like to invite your attention to the aspect of subsection (b) which charges these expenditures to the general fund of the Treasury. While we favor the authorized increase, we do not favor charging these expenditures across-the-board to the general fund.

We believe that repairs or reconstruction of highways on the Federal-aid system necessitated by disasters and an integral part of the cost of the system, are a foreseeable element of cost and should be charged to the highway trust fund, as are the original construction costs.

However, with respect to certain federally constructed highways, such as forest highways, disaster repairs may be charged to the emergency highway fund which is reimbursed out of the highway trust fund under present law.

It is our view that since the original construction of these highways is financed out of the general fund, we would not object to reimbursement of the emergency highway fund from the general fund for cost of repair or reconstruction of such highways, whose construction was originally financed out of the general fund.

Thank you, Mr. Chairman.

Mr. GRAY. Thank you, Mr. Whitton.

You refer on page 1 of your testimony to sections 120 and 125 of title 23, and that these sections presently govern the use of emergency relief funds.

I assume you are telling this committee that you agree that we do need Federal assistance for the rebuilding of roads during disasters?

Mr. WHITTON. Yes, sir.

Mr. GRAY. You, however, disagree with the formula we have used in the proposed bill in allocating moneys to the States and also the source from which this money comes. In other words, you propose we not go from 50 percent, as under the present law, to 100 percent in allocating help to the States, and you also suggest that part of the money come from the general fund rather than the trust fund. Is that mainly the difference between what S. 1861 proposes and what you propose this morning?

Mr. WHITTON. Yes, sir.

Mr. GRAY. Any questions?

Mr. JOHNSON. Mr. Chairman, I have no questions. I want to say that I think Mr. Whitton has made a very fine statement, as he always does, before this committee in behalf of this legislation.

I think the disasters of last year and this in California and the West, caused the most damage to our road systems.

I want to say at this time that the Bureau of Public Roads certainly has performed a real service to us out there in getting us back to normal so far as roads are concerned. I think the moneys made available from Congress to help finance some of the emergencies out there has been disbursed by the Bureau of Public Roads in an orderly manner, and we certainly agree with your position here.

With the tremendous amount of road damage we had in California, I can speak for that because we are coming along very nicely, the method of disbursing funds under the existing law with the emergency financing did very well.

Mr. WHITTON. Congressman Johnson, if I may, I would like you to know that California received the largest amount of emergency funds during 1965. There was \$32,844,084.67 expended out of a total of \$79 million, almost half of the money going to California because of the tremendous damage which your State suffered in northern California.

Mr. GRAY. Off the record.

(Discussion held off the record.)

Mr. JOHNSON. Your organization certainly is to be commended because everyone in our State felt they were treated very well and we are happy with our Bureau of Public Roads.

Mr. CLAUSEN. Inasmuch as the gentleman from the Second District of California has expressed himself I do want to add my own commendations for the assistance given California. Certainly the reputation of the Bureau of Public Roads and their cooperation with the State of California never has been at a higher level than it is now.

I want to express to you my own personal appreciation.

Mr. WHITTON. Thank you, Mr. Congressman.

I can say likewise in behalf of the California State Highway Department that is what makes it easy for us to make a good showing, because you have a good State highway department.

Mr. GRAY. Mr. Whitton, there is an old saying that hindsight is better than foresight.

Having had several disasters to cope with, the most recent one being Hurricane Betsy, and having to take money out of the highway trust fund and the emergency fund, do you feel that these disasters in the past have appreciably slowed up the construction of either the Interstate System or the ABC systems?

Mr. WHITTON. I think, of course, that we have used money out of the highway trust fund, but I could not very well say that this has actually slowed up the program.

Mr. GRAY. I was asking the question primarily in view of the fact that you recommend that we continue this same formula of allocation out of these funds. I am wondering, God forbid, if we had another major disaster, and we had to use a lot of money, whether this might further imperil the 1972 completion date we have set for the 41,000-mile Interstate Highway System.

I would be hopeful that whatever the final result and the action of this committee is we would do nothing to jeopardize completion of either the Interstate System on time or the allocations to the States for regular highway construction.

Mr. WHITTON. Yes, sir.

Mr. GRAY. You do not feel this would jeopardize, based on your past experience, this program?

Mr. WHITTON. Of course, 1965 was the largest damage year we have ever had. Normally this has been running around \$15 to \$20 million a year. Fifteen to twenty million dollars a year would have no appreciable effect on our total program of \$4 billion a year, so I must stick with what I have said.

If it continues growing, and nobody knows what will happen, of course, \$80 million or \$100 million is quite a sizable figure and may make a difference.

Mr. GRAY. Do you have any estimates at all as to how much Federal money will be required in the three States of Mississippi, Louisiana, and Florida as a result of hurricane Betsy? I refer to funds that will be diverted out of the trust fund.

Mr. CASAZZA. We do have it. We have the emergency relief funds on what we have already done in 1963 and the funds allocated in 1966 through the 14th of October of this year. We also have in the pipeline the estimated additional projects for fiscal year 1966. We can submit this for the record to make your record complete.

Mr. GRAY. I would appreciate it if you would do that.

Mr. CASAZZA. Yes, sir.

(The information referred to follows:)

Obligations incurred against emergency relief allocations, fiscal year 1965

State	100 percent ERFO	50 percent ER	Total
Alaska.....	\$2,099,579.00	\$1,966,361.00	\$4,065,940.00
California.....	22,723,430.07	10,120,654.60	32,844,084.67
Colorado.....		2,789,525.40	2,789,525.40
Delaware.....		42,600.00	42,600.00
Florida.....		78,000.00	78,000.00
Idaho.....	1,500,692.53	832,618.26	2,333,310.79
Illinois.....		91,984.00	91,984.00
Iowa.....		37,392.25	37,392.25
Louisiana.....		100,289.00	100,289.00
Minnesota.....		93,890.00	93,890.00
Montana.....	8,184,081.51	1,728,059.76	9,912,141.27
Nebraska.....		92,600.00	92,600.00
North Carolina.....		68,105.00	68,105.00
Oregon.....	15,938,848.83	9,185,868.39	25,124,717.22
South Dakota.....		3,576.88	3,576.88
Vermont.....		226,557.51	226,557.51
Virginia.....	18,172.00	11,913.00	30,085.00
Washington.....	17,060.00	776,033.00	793,093.00
West Virginia.....		23,230.00	23,230.00
(Bureau of Indian Affairs).....	624,453.73		624,453.73
Total.....	51,106,317.67	28,269,258.05	79,375,575.72

Status of emergency relief funds

State	Funds allocated—fiscal year 1966 (from July 1, 1965, through Oct. 14, 1965)				Estimated additional projects fiscal year 1966			Total actual and estimated allocations
	50 percent ER	100 percent ERFO	Total		50 percent ER	100 percent ERFO	Total	
Alaska.....	\$963,670.00	\$3,975,990.63	\$4,939,660.63		\$500,000.00	\$4,000,000.00	\$4,500,000.00	\$9,439,660.63
California.....	2,254,291.85	2,623,553.24	4,877,845.09		3,027,394.00		3,027,394.00	7,905,239.09
Colorado.....	2,077,190.00		2,077,190.00					2,077,190.00
Florida.....	12,900.00		12,900.00		85,000.00		85,000.00	97,900.00
Georgia.....	10,105.99		10,105.99					10,105.99
Hawaii.....	226,272.00		226,272.00					226,272.00
Idaho.....	44,012.79	155,856.25	199,869.04			74,000.00	74,000.00	273,869.04
Illinois.....	743,750.00		743,750.00					743,750.00
Iowa.....	346,757.00		346,757.00		355,718.00		355,718.00	702,475.00
Kansas.....	6,686.00		6,686.00		1,185,000.00		1,185,000.00	1,185,000.00
Kentucky.....	3,931.00		3,931.00					6,086.00
Louisiana.....	2,183.00		2,183.00		420,000.00		420,000.00	423,931.00
Maryland.....	174,835.52		174,835.52					2,183.00
Massachusetts.....	1,363,190.00		1,363,190.00					174,835.52
Minnesota.....	1,117,351.24	1,088,247.52	2,205,598.76		5,515,430.00		5,515,430.00	6,878,620.00
Montana.....	90,390.16		90,390.16					1,205,598.76
New Jersey.....	56,485.00		56,485.00					90,390.16
North Carolina.....	86,700.00		86,700.00					56,485.00
North Dakota.....	763,202.55	2,488,428.88	3,251,631.43		28,400.00		28,400.00	115,100.00
Oregon.....	281,618.00	2,103,300.00	2,384,918.00					3,251,631.43
South Dakota.....	73,800.00		73,800.00					2,384,918.00
Texas.....	8,442.49		8,442.49					73,800.00
Vermont.....	30,021.00	3,150.00	33,171.00					8,442.49
Virginia.....	13,960.67	1,299.40	15,260.07					33,171.00
West Virginia.....	275,408.00		275,408.00					15,260.07
Wisconsin.....	171,860.00		171,860.00		284,500.00		284,500.00	275,408.00
(Bureau of Indian Affairs)		458,406.27	458,406.27					456,360.00
Total.....	10,199,014.26	12,898,232.19	23,097,246.45		11,401,942.00	4,074,000.00	15,475,942.00	38,573,188.45

Mr. GRAY. Could you give us in round figures how much you would think has already been allocated and the future allocations, what the totals would be?

Mr. CASAZZA. The total actual and estimated allocations for fiscal year 1966 is already \$38,573,000. We will continue to receive projects from States for which disaster declarations have been made.

Mr. GRAY. That will represent the Federal contribution and not the total cost of repair; is that correct?

Mr. CASAZZA. That is correct.

Mr. GRAY. The reason I asked that, Mr. Whitton testified in the 1965 disaster it exceeds \$20 million and in 1966 you estimate \$38 million, and that is \$59 million from these two disasters from Federal funds going into repairs, and figuring a million dollars a mile on the Interstate System you can readily understand this could slow down, at the end of the program, at least 58 miles, because the average cost across the Nation on the Interstate System is a million dollars a mile, I believe.

Mr. WHITTON. Yes, sir.

Mr. GRAY. And in these two disasters you have spent \$58 million, or, putting it another way, 58 miles of interstate highway could be lost in new interstate building already. If we have another major disaster, it could slow up some more by the end of the program.

Mr. WHITTON. Could I also place in the record the statement on the 1965 expenditures?

Mr. GRAY. We will be delighted to receive that also.

Mr. WHITTON. As well as the statement on the 1966 allocation.

Mr. GRAY. Are there any other questions or comments?

Mr. MARTIN. I want to thank Mr. Whitton, and I also want to render my apology for referring to your statement before you made it, because I thought you had already appeared before the committee. I find myself in agreement with many parts of your statement, particularly on the State matching funds in disasters. I am sure we will use your statement in our session.

I do want to extend my apology to you for referring to your statement prior to your having made it. Also, as an Alabamian, I want to thank you for the fine cooperation we have received from the Bureau of Roads.

Mr. WHITTON. Thank you.

Mr. GRAY. Before you leave, Mr. Whitton and Mr. Turner, I have traveled on these special investigations, and I certainly, too, want to join my colleagues in commending the manner in which the Bureau of Public Roads has conducted itself in these disasters, and all we have heard is praise from all quarters. I want the record to reflect that this committee, which is responsible for our basic highway legislation, feels you are carrying out the mandate given to you by the Congress, and we appreciate your cooperation and fine works.

Mr. WHITTON. Thank you, Mr. Gray, and we certainly appreciate hearing that.

Mr. GRAY. Mr. Clausen.

Mr. CLAUSEN. Mr. Chairman, while we have Mr. Whitton and his staff here, I wonder if he could give us for the record the current status of the construction program. How close to the target date of 1972 will the construction schedule be? Can you give me an off-the-cuff comment?

Mr. WHITTON. We presented earlier this year to the Congress an estimate of additional money we would need, and the cost, as you know, has increased from \$41 billion to \$46.8 billion, up \$5.8 billion. The President recommended a program for financing that additional cost.

It developed this way: of the \$3.8 billion additional cost, \$5 billion will have to be furnished by the Federal Government, and of that \$5 billion, \$2 billion will come from increases in revenue from taxes now going into the highway trust fund. So really, on the basis of our estimate, we are \$3 billion short. We would certainly hope that the Congress would finance that as soon as possible in the next Congress so that the additional money that is needed can be made available in the years that are immediately ahead rather than to have to wait to the end of the program to do it. It is vitally important that this be done.

Mr. CLAUSEN. Does the Ways and Means Committee have that under consideration?

Mr. WHITTON. I do not know that they do.

Mr. GRAY. If the gentleman will yield, I think they have a request in from our committee. I don't think they have held any hearings or given any serious consideration to it.

Mr. WHITTON. I think it was referred by this committee.

Mr. GRAY. Yes.

Mr. WHITTON. You might like to know, Mr. Clausen, we do have almost 19,900 miles open that the public is using now. Even this year I think we will reach 20,000, or close to the halfway mark of 20,500 miles. I say we are on schedule when you consider all of the work that is being done. You can't say that we are half completed with the roads open, but we have a lot of additional work done in surveys and rights-of-ways, and so forth, and I say we are on schedule. But in order to stay on schedule we will need additional money, and the Congress knows that.

Mr. CLAUSEN. From the existing tax legislation, is there a pattern of the funds being on the increase? Do you have an established pattern?

Mr. WHITTON. Yes; it is about 4 to 6 percent a year increase.

Mr. CASAZZA. That is right; 4 to 6 percent increase into the highway trust fund because there are more automobiles and more gasoline being consumed each year; there is a normal increase, but not enough to meet the total needed based on the 1965 cost estimates for completion of the entire Interstate System by 1973.

Mr. CLAUSEN. Thank you very much. Thank you, Mr. Chairman, for permitting me to ask the question.

Mr. GRAY. Thank you very much, gentlemen, for your valuable contribution this morning.

Mr. WHITTON. Thank you, Mr. Chairman.

Mr. GRAY. I would like to ask unanimous consent to include a statement from our distinguished colleague from Indiana, Representative John Brademas. Without objection, his full statement will be made a part of the record at this point.

(Mr. Brademas' prepared statement follows:)

STATEMENT OF HON. JOHN BRADEMAs, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF INDIANA

Mr. Chairman, members of the committee, I am John Brademas, Representative of the Third District of Indiana, which has suffered so greatly from one of the many recent natural disasters. I am here to testify on behalf of the omnibus disaster relief legislation one version of which I introduced some months ago.

My distinguished colleague, Senator Bayh, the junior Senator from Indiana, introduced this bill in the Senate. Close to 40 other Senators joined him in sponsoring the legislation, and it was passed by voice vote in the Senate on July 22, 1965. Mr. Aspinall, of Colorado, among others, has introduced an identical bill in the House of Representatives.

This bill provides relief for the unfortunate victims of natural disasters like the devastating series of tornadoes which swept through northern Indiana last Palm Sunday and left death and destruction in their wake. The loss to my district alone, with 54 dead, 242 injured, and property damage in the millions, was catastrophic. Hardest hit was the little unincorporated community of Dunlap, near Elkhart, where the desolation in some places was total and the individual suffering was and remains beyond total measurement or relief.

Three days after the holocaust, President Johnson, my colleagues Senators Vance Hartke and Birch Bayh, Indiana Gov. Roger Branigin, Buford Ellington, Director of the Office of Emergency Planning, and I visited the stricken area. The crippling effects of the storm were overwhelming. The evidence of personal and community tragedy, on all sides, stunned and moved us all.

In testimony before the Public Works Committee of the Senate on June 22 of this year on the Senate bill, I made the following statement:

"It is imperative that we act with dispatch. * * * There are many who desperately watch our actions and await our assistance. While we meditate, disaster, and its resulting toll in suffering, hover in the wings. It would be unconscionable if another tragedy should find us unprepared. The Nation can wait no longer. * * * We must establish continuing authority to enable the executive agencies to deal adequately with the multitude of problems which follow every disaster."

Before we acted, the unconscionable did happen. Hurricane Betsy struck and left death, suffering, and financial ruin in its wake. I support Federal action for the victims of this terrible storm, but I speak not only for the victims of Hurricane Betsy in Florida, Louisiana, and Mississippi. I speak as well for those who have suffered from disasters in other parts of the United States during recent months. From July of 1964 to date, 34 major disaster areas have been declared. Included are 126 different districts, 1 territory, and 18 districts stricken at least twice.

Major disasters, July 1964 to October 1965

Date declared	State	Type	Congressional district
July 8, 1964	Missouri.....	Severe storms and flooding.....	4, 5, 6, 7, 8, 9, and 10.
July 20, 1964	Nebraska.....	do.....	1, 2, and 3.
Sept. 8, 1964	Florida.....	Hurricane Cleo.....	3, 4, 5, 6, 7, and 11.
Sept. 10, 1964	do.....	Hurricane Dora.....	2, 5, 8, and 9.
Do.....	Georgia.....	do.....	1 and 2.
Oct. 3, 1964	Louisiana.....	Hurricane Hilda.....	1, 2, 3, 6, and 7.
Oct. 13, 1964	North Carolina.....	Severe storms and flooding.....	1, 2, 3, 4, 10, and 11.
Nov. 4, 1964	Georgia.....	Flooding.....	9.
Dec. 10, 1964	Trust territory.....	Typhoon Louise.....	
Dec. 18, 1964	Montana.....	Severe winter storms.....	2.
Dec. 24, 1964	California.....	Severe storms, heavy rain, and flood- ing.....	1, 2, 3, 4, and 15.
Do.....	Oregon.....	do.....	1, 2, 3, and 4.
Dec. 29, 1964	Washington.....	do.....	1, 2, 3, 4, 6, and 7.
Dec. 31, 1964	Idaho.....	do.....	1 and 2.
Jan. 18, 1965	Nevada.....	do.....	At large.
Apr. 11, 1965	Minnesota.....	Flooding, tornadoes, and severe storms.....	1, 2, 3, 4, 5, 6, 7, and 8.
Apr. 14, 1965	Indiana.....	Tornadoes and severe storms.....	2, 3, 4, 5, and 6.
Do.....	Michigan.....	do.....	2, 3, 4, 5, 6, 7, 8, and 10.
Do.....	Ohio.....	do.....	4, 6, 8, 9, 13, 14, 18, 20, 21, 22, and 23.
Apr. 21, 1965	Wisconsin.....	Tornadoes, severe storms, and flood- ing.....	1, 2, 3, 6, 7, 9, and 10.
Apr. 22, 1965	Iowa.....	Flooding.....	1, 2, 3, 4, 5, 6, and 7.
Apr. 24, 1965	Illinois.....	Tornadoes, severe storms, and flood- ing.....	12, 16, 19, and 20.
May 10, 1965	North Dakota.....	Flooding.....	1.
May 11, 1965	Washington.....	Earthquake.....	1, 2, 3, 6, and 7.
May 26, 1965	South Dakota.....	Flooding.....	2.
June 14, 1965	Missouri.....	do.....	4, 5, and 6.
June 19, 1965	Texas.....	Tornadoes, flooding.....	3, 6, 16, and 19.
Do.....	Colorado.....	Tornadoes, severe storms, and flood- ing.....	1, 2, 3, and 4.
June 23, 1965	Kansas.....	Flooding.....	1, 4, and 5.
July 1, 1965	New Mexico.....	Severe storms and flooding.....	2, at large.
July 27, 1965	Missouri.....	do.....	4, 5, 6, and 8.
Sept. 10, 1965	Louisiana.....	Hurricane Betsy.....	1, 2, 3, 5, 6, 7, and 8.
Sept. 14, 1965	Florida.....	do.....	3, 4, 6, and 11.
Sept. 25, 1965	Mississippi.....	do.....	3 and 5.

I speak also for the victims of tomorrow's vicious tempests, next month's awful blizzards, next year's merciless earthquakes. Have we not yet learned the expensive lessons of delay? Can we possibly be satisfied with piecemeal and after-the-fact legislation each time natural disaster strikes?

Why should the fate of its innocent victims hang upon the thin thread of the condition of our legislative calendar? The answer is that it should not. The answer, and the only truly equitable answer, is to establish today the means to supply immediate, appropriate aid for tomorrow.

The bill which I have introduced and support here today authorizes Federal agencies to provide the following immediate and long-term assistance when natural disaster strikes: Use of civil defense system for advance warning; shelters for disaster victims; reimbursement for crisis flood control measures; adjustment and insurance for repayment of Federal loans and mortgages; aid to presently unprotected unincorporated communities; highway repair; aid for the school systems in disaster areas.

The bill provides at least a start toward a continuing, comprehensive, and rational program of relief. Help will be made available more rapidly and efficiently. The suffering and overall cost to both the victim and the taxpayer will be reduced. Congress will continue to exercise its legislative oversight of this important relief, but will not be forced to legislate each time disaster strikes.

We do not yet have the scientific knowledge to prevent disaster, but we do have the power to mitigate its devastating effects. I strongly urge this committee to set this power into constructive motion by favorably reporting the omnibus disaster relief legislation and enabling this session of this Congress to enact it into law.

Mr. GRAY. This concludes our witnesses for today. I want to thank all of the members for their attention and their presence on the 2 days of hearings and announce it is our intention, after the new 2d session of the 89th Congress reconvenes in January, that we resume hearings on this very important matter, and that we take expeditious action to give these areas of the country that might suffer from a disaster some relief.

With that, we will adjourn the committee subject to the call of the Chair.

(Whereupon, at 11:40 a.m., the subcommittee adjourned, subject to the call of the Chair.)

(The following was furnished for insertion:)

STATEMENT OF HON. JOHN B. ANDERSON, REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ILLINOIS

Mr. ANDERSON. Mr. Chairman, I joined with a number of my colleagues in sponsoring legislation like H.R. 7740 and H.R. 7898, my bills which propose legislation that will provide additional assistance for areas suffering from a major disaster. I did this after witnessing the terrible tragedies that befell constituents of my congressional district who border on the Mississippi River and its reaches. These folks suffered terrible dislocations and economic losses that will take years to overcome. As your committee knows, this year we witnessed one of the greatest floods caused by the high waters of the Mississippi River. The damage in our State of Illinois, and in particular in my congressional district, has been terribly great, especially in and around such communities like Albany, East Dubuque, Fulton, Galena, and Savanna, Ill., to say nothing of that which occurred in the miles and miles of lowlands adjacent to these communities.

Indeed, I personally inspected some of the damage and our papers have been full of stories and pictures about the awesome tragedy caused by flooding. I obtained firsthand information on the degree of personal suffering and tragic economic losses. I was appalled at the destruction wrought in our 16th Congressional District alone.

After consulting with the various departments and agencies that are charged with providing assistance under the disaster provisions of Public Law 87-128, and being mindful of the damage wrought by the Mississippi River flooding, it occurred to me that the disaster assistance currently provided under present Federal statutes is deficient in certain respects.

I then became intensely interested in promoting a meaningful program of additional assistance to disaster-stricken victims and introduced legislation that would commit the Federal Government to a joint cooperative effort with State governments to help private citizens get back on their feet. Present laws are aimed at restoring public utilities, public buildings and public facilities, and provide assistance to business firms, but they stop short of the homeowner.

To suffer a tragedy, the likes of which wipes out either in whole or in part, and in one fell swoop, the investment of one's life savings in property, is a terrible thing to behold.

Hence, I think your committee should seriously consider amending the present natural disaster statutes in order to make them more meaningful as well as helping the homeowner, the property owner, the individual who finds himself at the brink of despair when visited by such a calamity.

I think a commendable area of action for the committee would be to give additional authority to the concerned departments and agencies of the Federal Government that now have authority to lend money, new authority to refinance on more liberal terms if an area is struck by disaster. These terms might range for as long as 40 years, with preferential interest rates. In addition, authority might also be granted in certain cases of additionally severe hardship to waive interest and principle payments for as long as 5 years, with the understanding that the same payment would be added onto the end of the existing agreement. The Small Business Administration would be given additional authority to have this moratorium applied to business loans that it previously made.

I think, too, there is considerable merit to the idea of a disaster fund to be established on a matching basis, whereby 75 percent would be contributed by

the Federal Government and 25 percent by the State, making this a joint Federal-State venture, to help in the refinancing of outstanding home mortgage obligations or other real property liens which are not insured or guaranteed by any Federal agency. It would be used to assist in those instances of non-Federal insured loans, loans which are not made by such agencies as the Farmers Home Administration, the Housing and Home Finance Agency, the Veterans' Administration, and the Small Business Administration.

It goes without saying, that any action taken by your committee ought to take into consideration the serious economic dislocations and disruptions caused to the farm economy of the affected areas. It would not be unreasonable to expect that special provisions could be applied to give farmers the benefit of the doubt and be granted extensions of time in connection with Federal farm programs. This is something that could be worked out in cooperation with the Department of Agriculture, the Committee on Agriculture, and your committee.

In conclusion, Mr. Chairman, I do want to reiterate my view that present natural disaster provisions fall too short of the mark. I commend you and your committee for its interest in the problems created by natural disasters. I trust that the committee will act in its wisdom to recommend changes to the full membership of the House of Representatives that will truly make the disaster aid provisions more meaningful in time of such tragedy.

STATEMENT OF HON. JOHN C. CULVER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF IOWA

Mr. Chairman, I want to take this opportunity to thank you and the distinguished members of your committee for undertaking this study in the vital field of providing additional assistance for areas suffering a major disaster. I also want to express my appreciation for the opportunity to present this statement.

Last spring several sectors of the Nation experienced severe natural disasters. The Second District of Iowa was struck with floods of unprecedented severity along the Mississippi River, and the area was declared a major disaster by President Johnson.

During this unfortunate period, I had occasion to spend better than 2 weeks in these flooded areas meeting with and working with dedicated community leaders and Federal officials as well as courageous volunteer workers and victims of the disaster. I had a good opportunity to study the operation of existing disaster relief programs, and I came away convinced that the efforts of the Federal Government were well intentioned, but often inadequate to meet the needs experienced in a disaster of major proportions.

It was my observation that the provisions of Public Law 81-875 were generally satisfactory to meet the needs of States and communities afflicted by the loss of public property, but in many instances were insufficient to protect individual citizens who have seen their investments in homes, farms, and businesses totally wiped out. I feel there is a substantial need to give greater attention to the losses suffered by individuals during these disasters and to shape and tailor both the substantive provisions and the administrative procedures of our programs in a manner that will reassure these victims at that difficult time.

I believe that we should work for a comprehensive program which will facilitate and encourage greater coordination of the efforts of the various Federal agencies authorized to provide disaster assistance, and will at the same time lessen the critical time lag which exists from the time a disaster occurs until the time assistance is available to the victims. Moreover, I feel this program should be designed to permit the exercise of greater discretion in its administration when it is apparent that steps must be taken to avoid severe financial hardship.

In recent years under present legislation, the Congress has been called upon to pass specific relief measures to meet these needs in stricken areas at the time of major natural disasters. This was the case at the time of the Alaskan earthquake, and at the time of the floods in the Pacific Northwest. The consideration of specific legislation in every instance merely causes unnecessary delay and further hardship at a time when the relief should be immediately available.

Because of the unpredictability of the time that a major natural disaster will strike, and the incredible losses of property and personal hardships which inevitably occur, we should establish a broad national policy in this area and be adequately prepared in advance to meet them with a program of disaster relief which is both comprehensive and efficient to administer.

I believe there is one further area which should be considered. And that is the instance where communities are unable to provide full flood protection. In these cases, individuals and businesses often take it upon themselves to provide necessary protection and in doing so provide a valuable service to the community. I feel that legislation should provide for the reimbursement of funds expended by individuals and businesses for this purpose when local authorities were unable to provide this protection, and when it is further certified that the expenditures contributed to the total community disaster effort.

For these reasons, I introduced H.R. 7902 which is presently before the committee, and the U.S. Senate has since passed a similar measure, S. 1861. I respectfully urge the members of this distinguished committee to give their favorable consideration to the objectives of these measures, and to report a bill to the House of Representatives.

Once again, let me thank you for the opportunity of presenting this statement.

STATEMENT OF HON. JOSEPH E. KARTIL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MINNESOTA

In 1964 and 1965 constituents of the Fourth Congressional District of Minnesota have suffered from the disasters of drought, heavy snow, flood, and tornado. Loss of life and suffering has fortunately been much less than might have been expected under the circumstances but property damage and economic loss have been staggering.

Certainly the agencies of the Federal Government together with the State of Minnesota and local governments have cooperated splendidly within the limits of their present legal authority and their available resources to mitigate personal suffering and discomfort and to assist the expensive rehabilitation of residences, businesses, schools, farms, public works, and highways.

While what has been accomplished has been invaluable it is obvious that additional Federal disaster relief was necessitated. It has been customary in the past to help disaster-ridden areas of the Nation by passing special authorizations to grant disaster relief.

In the past 2 years there have been disasters in Alaska, the Pacific Northwest, in Minnesota, Wisconsin, Indiana, Illinois, Iowa, Michigan, Colorado, Louisiana, Florida, Mississippi, and elsewhere involving an appalling cost in lives and injuries and billions of dollars in damages and economic loss. The time has come when the Federal Government must relinquish a piecemeal approach to the effects of major natural disasters and adopt the comprehensive disaster relief legislation incorporated in S. 1861 which is under consideration by this committee.

I believe S. 1861 as enacted by the Senate brings together the most significant provisions of relief bills dealing with previous natural disasters and will provide the basic financial tools, whether indemnification, grant, or loan, for dealing with present and future natural disasters in an orderly and expeditious manner.

I urge the early and favorable consideration of this bill.

STATEMENT OF HON. WILLIAM J. RANDALL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MISSOURI

Mr. Chairman, I appreciate the opportunity to appear before your committee in support of my bill, H.R. 10332, to establish a 12-point program of Federal disaster relief.

The legislation I have introduced would liberalize existing Federal programs affecting major disaster areas, cut time-consuming redtape that now surrounds disaster aid, and establish several new Federal programs to assist communities in their recovery from a major disaster. My bill would not only be of assistance to communities but would extend Federal assistance to individuals, businesses, and school buildings.

Our own Fourth Missouri District was disaster stricken again, earlier this year from floods. We have firsthand knowledge of the need to improve the existing law which certainly does not meet all the urgent needs. What is needed is a more comprehensive, better coordinated disaster relief program. One with-

out so much redtape. One that will offer speedy assistance when the help is needed most urgently.

The bill that I have introduced may not be the answer to all the complaints our office has received from areas suffering a major disaster. But it is my sincere effort toward a substantial improvement over existing enactments.

The record will show that in 1964 President Johnson declared 25 major disasters under authority of the Federal Disaster Act. Nearly \$53 million was allocated to 18 States and 5 territories from this fund. Such an expenditure is only a drop in the bucket when compared with the magnitude of damage caused by most natural disasters.

During the past 6 years Congress has had to pass three special disaster bills to supplement the existing program. More disturbing is the fact that many communities have had to go virtually without relief or assistance in the absence of a more comprehensive program. We need to establish standby authority to provide uniform and well-coordinated Federal assistance to be mobilized immediately whenever disaster strikes. A law must be enacted which will provide equitable treatment to disaster victims in all areas of the country and in all walks of life.

H.R. 10332 provides for the following:

1. Grants to supplement the cost of replacing damaged elementary and secondary school buildings and equipment, and to augment temporarily annual operating expenses of such schools.
2. Mortgage obligations on family residences damaged or destroyed in a disaster could be refinanced under new joint Federal-State loan programs at low interest rates. New mortgages on reconstruction and repairs could be acquired at more liberal rates.
3. Authorize the President to secure temporary housing for displaced families to rent at no more than 25 percent of their monthly income.
4. Grants from the Department of Agriculture up to \$10,000 per farm to restore disaster-damaged farmlands and livestock to normal productive capacity.
5. Discretionary authority to HHFA, VA, and REA to adjust the terms of loans affecting property damaged or destroyed in a disaster. Red tape is eliminated on SBA disaster loans up to \$30,000 for homes and up to \$100,000 for businesses.
6. High priority is granted to applications by disaster area governments to secure extended public facilities or low-rent housing.
7. Authorize the Office of Emergency Planning to pay up to 50 percent of the costs expended by individuals and businesses to prevent property damage from flooding, because local governments were without the means to help them.
8. Corporations would receive financial assistance for construction of housing primarily for families displaced by major disaster.
9. Loans would be authorized for reconstruction and improvement of damaged sewage systems, water systems, and other public facilities in small towns and unincorporated rural areas.
10. Up to \$50 million is authorized each year for repair and reconstruction of federally aided highways, damaged or destroyed in a major disaster.
11. Authority is given to reconstruct or repair other damaged highways and bridges and to restore any Federal public works projects previously authorized by an act of Congress.
12. The civil defense communications system is made available for timely disaster warnings to officials and citizens.

STATEMENT OF HON. GALE SCHISLER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

Mr. Chairman, in recent months, the Nation has experienced an array of natural disasters that has not been matched in some time. An unusual amount of destruction has occurred. It has been possible, of course, to total the amount of dollar damages, but there is no way of measuring the human misery that has come to our fellow citizens who happen to live in the paths of these disasters.

I have seen personally the devastation of floods and tornadoes in the 19th District of Illinois. Please note that I use the plural, because the disasters this year have come often and have hit hard.

One thing has become evident as a result of our experiences in the 19th District following these disasters. The existing Federal programs of disaster relief are inadequate and need to be improved.

Under existing laws, the President is able to provide grants to stricken communities through the Office of Emergency Planning, but these grants are only for restoring essential public facilities. Private property and homes are not included. A change in the scope of the law is needed, one that will insure that no citizen could be wiped out by a flood, tornado, or other natural disaster. I particularly have in mind a small community in the 19th District where nearly 40 percent of the residents of the community are retired on social security. Their homes were ruined by the Mississippi River flood some months ago. Water stood in these homes for nearly 14 weeks. These people on social security have few resources to cope with such an overwhelming loss.

I, for one, am taking a keen interest in seeing what can be done to improve our Federal disaster program. I hope that the committee will look favorably upon the remedies contained in S. 1861, which seeks to overcome some of the shortcomings in present statutes covering individuals and businesses. But something more is needed to help the homeowner or small businessman who is wiped out by sudden catastrophe and has no adequate resources for recovering from the loss. I therefore want to see Congress recognize its responsibility in this field by giving consideration to changes designed to help those of our fellow citizens who are unfortunate enough to be hit by a natural disaster.

Thank you, Mr. Chairman, for this opportunity to present my views.

ALLIANCE ASSOCIATES, INC.,
Coldwater, Mich., October 13, 1965.

MR. GEORGE H. FALLON,
Chairman, Public Works Committee,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This week we held a meeting of some of the disaster victims of the Palm Sunday tornado that struck with such disastrous losses in several parts of the Midwest and which, for many of us, meant the loss of our entire physical properties. In our own county, the disaster left 20 dead with millions of dollars in damage.

Despite the expressions of sympathy of President Johnson and the declaration of the area as a disaster area, very little practical relief actually has yet been received by individual victims of this disaster. Considerable county debris clearance was finally done by the OEP after almost 3 months' delay and then only after considerable congressional intercession.

Last June I personally appeared before the Senate Public Works Committee to appeal for the passage of the Disaster Relief Act of 1965, Senate bill 1861, which I understand is now before your committee.

We had originally hoped that it would be possible for your committee to act promptly on this legislation and that it would receive the unanimous approval of the House as it did the Senate. We had hoped that we would also secure enabling legislation at our State level during this fall session to facilitate the implementation of various elements of the bill in such a way as to provide some disaster relief to our specific area before the disaster declaration expires.

However, as the weeks roll by without action, we are extremely fearful that, unless some action is not forthcoming in the very near future by your committee, all hope of direct relief for victims of this area will have been lost.

Enclosed is a special newspaper edition that will give you some insight into the disaster conditions that affected our county along with many other counties in the Midwest that Palm Sunday. Practically no homeowner had anywhere near insurance coverage for the disaster losses incurred. In my own case, we lost everything of material value including both our homes along with complete contents, both our cars, boats, and right down to every tree on our properties. By the time we totaled our entire losses, it was apparent that we could only recover about 40 percent through insurance. Our case was typical of many, and we are faced, along with many others, with extreme financial hardships as a result of this financial disaster which will affect our lives for many years to come unless the present legislation before your committee can provide us some relief.

I would appreciate, as would other members of our county disaster committee, knowing when we might expect action by your committee and the House on this bill. Congressman Edward Hutchinson advised us today that hearings were to be held this week by your Flood Control Subcommittee with Government witnesses only. We are accordingly submitting a statement to this committee which is enclosed. It is important that we have some indication of the time

factor for bill passage in order that we may take steps to be prepared with Michigan enabling legislation at the State level in the hope that passage might be secured before our disaster declaration expires.

In the event that we might be helpful at any additional hearings that you might deem necessary, I personally or other individuals or county officials from our area would be glad to testify at such hearings.

Sincerely,

E. LEE FELLER, *President.*

STATEMENT OF E. LEE FELLER, PRESIDENT OF FELLMEN ASSOCIATES, INC., COLDWATER, MICH., AND SUPPLEMENTED BY BOYD WIGGINS, DEPUTY DIRECTOR OF CIVIL DEFENSE, BRANCH COUNTY, MICH.

Congressman Jones and members of the committee, I am Lee Feller, president of Fellmen and Alliance Associates, Inc., Coldwater, Mich. In connection with my work with Fellmen Associates, I have had occasion over the past few years to do consulting work with various public and private groups dealing with the problems of food distribution in various developing areas of the world. However, this morning I am here to testify regarding my personal experiences with the disaster that struck our county in Michigan a few weeks ago and our subsequent experience bearing on the Disaster Relief Act of 1965 now before your committee.

Palm Sunday morning, April 11, 1965, dawned bright and clear on Coldwater Lake in Branch County, Mich. Ten hours later, devastation swept the county along with many other areas of the Middle West. I was personally deeply affected by this disaster since my home, guest house, cars, boats, and all my family's personal belongings were destroyed. I can literally say, I not only lost my shirt but my socks along with it. When the first of the two tornadoes hit us, my wife and two daughters took refuge in the basement. The home above our heads disappeared in the 600-mile-an-hour blast of wind. The second tornado caught us in a small garage down the street. The garage, its contents, and tons of debris swept over us and several of our neighbors as we took refuge in it. Two of my neighbors died 200 feet away from this spot at that moment. We were able to save one from immediate death from hemorrhage. Although 20 others died in Branch County that night as a result of the two tornadoes that hit us within 45 minutes of each other packing 600-mile-an-hour winds, I am personally thankful that, although the disaster left our family practically nothing of material value, we did survive with only my oldest daughter carrying permanent scars.

Promptly following the disaster, President Johnson declared the area a disaster area. As a result of the newspaper, radio, and television publicity, the hopes of the victims—still reeling from shock—were raised by the widely held belief that Government assistance would be made immediately available.

However, after 12 weeks, a second shock and a feeling of disgust and disillusionment overcame the citizens of Branch County, as I am sure it overcame many other areas similarly affected. In all this time not 1 cent of Federal or State assistance reached our county from any of the many Government agencies charged with bringing relief and help to such disaster areas. Not 1 cent of Small Business Administration loan money reached our area. No Farmers Home Administration loans were made. No debris clearance funds reached us from the Office of Emergency Planning. The only assistance received was that given by local government, contractors, and volunteers during the emergency following the disaster.

Is it any wonder that folks around Branch County were commonly heard to say that the local chapters of the Eagles and Moose Lodges, among others, had done more to help out in this disaster, up to that time, than the entire Federal and State Governments put together. Again, is it any wonder that many comments were made in Branch County to the effect that we would have at least appreciated receiving just the money it cost for President Johnson and Governor Romney to fly over the area and extend their sympathy.

I would like to submit a special tornado issue of our local paper showing the scope of our recent disaster and the visual need for prompt and greater assistance than apparently is now possible on the part of various governmental agencies under present legal and administrative procedures. We do appreciate the debris clearance aid finally provided by the U.S. Office of Emergency Planning even though there were protracted delays of over 12 weeks before this aid reached the area. This delay resulted in the forcing of individuals to bear the major burden of emergency debris clearance.

We, as citizens, turn to government to assist us with service above and beyond that which we are able to provide for ourselves at a local level. Most individuals, communities, and rural counties do not have reserve moneys to meet emergencies such as a disaster. Most families do not and cannot carry insurance to fully cover damage encountered in disasters. The farm businessman, commercial businessman, and homeowner must turn to local, State, and Federal Government for assistance following a disaster to assist with cleanup, rebuilding, and rehabilitation.

As stated above, on April 11, 1965, several tornadoes hit Branch County, Mich., along with other areas in the Midwest. Some 50 square miles of Branch County were affected, varying from complete destruction of homes and buildings to scattering of debris in fields, lakes, and woods. Some of this debris came from many miles away. The task of cleaning up and rebuilding is so huge in disasters of this magnitude that neither individual families nor local governments can bear the burden alone. We must, therefore, look to State and Federal Governments for assistance.

In Branch County there were about 515 families affected by the tornadoes. There were 20 killed, 159 admitted to the hospitals with injuries and an unknown number were treated as outpatients. A survey showed 192 homes, 48 cottages, 112 barns, 25 trailer homes, 7 commercial buildings, and 35 garages completely destroyed; 128 homes, 44 cottages, 60 barns, 3 trailer homes, 3 commercial buildings, and 8 garages were partially destroyed. Debris was dumped into six of our commercial lakes in the county. Recreational use of Coldwater Lake has been curtailed because of the presence of debris which causes a health and safety hazard.

This disaster has a direct effect on the agricultural, tourist, and commercial economy of our area. Farm families were not able to clear their land for spring planting. Livestock was destroyed or damaged and had to be sold. Financing for clearance of debris from building sites and fields was not available soon enough and placed an unbearable financial burden on the citizens and local government.

The U.S. Department of Agriculture did make emergency feed grains available and provision for payment under special practice for debris clearance on cropland to disaster victims. We can surely be thankful for the thousands of hours of labor our young people and adults volunteered those first 10 days to assist victims with preliminary cleanup.

An estimate was made of tax losses in Branch County on property not covered by insurance. Total losses have been estimated at \$10 million. Insurance agents estimated that only about 45 percent of the agricultural loss was covered by insurance and about 65 percent of nonfarm residential and commercial property was covered. As the matter now stands, the property owners will be paying about \$65,000 in taxes on property which no longer exists and was not covered by insurance. Without further disaster relief aid, much of this property will not be replaced, and the tax base of Branch County will be lowered next year with tax revenue losses to schools, local and county units of government. This, then, places a burden on other taxpayers in the county.

Most of the families had indebtedness on their farms, homes, and businesses. Even full insurance coverage will seldom, if ever, cover the cost of replacement. Many were without insurance or had very little. The farmer and businessman had his income eliminated or curtailed for a varying period of time.

Most current local interest rates average 7 percent and with only relatively short-term loans available. It is too much of a burden on many families if they have to assume this kind of a debt load on top of their present indebtedness. Some will not be able to obtain credit because they now lack the necessary security.

Some people will seek other employment rather than face further indebtedness and higher credit payments. Most farmers cannot find other jobs since they are not trained for modern skills. Many are above employable age according to today's standards.

Local assistance is not available on a broad enough scale or in large enough amounts to do the job that needs to be done. We need programs from our Government to assist us beyond that which we have done and can do for ourselves. This means a type of credit which does not place an unbearable burden on our people. We also need means of obtaining assistance in a shorter period of time following a disaster than at present.

It appears that Senate bill 1861 will assist with the needed financial assistance to families in disaster areas. The long-term loans and reduced interest rates will reduce the financial burden that many families face, although we feel the term of SBA disaster loans should be extended along with other agencies to 40 years and recommend this change in the proposed bills. The 5-year waiver of principal and interest payments can be of definite assistance to those families with high investment and debt loads, but here again this provision should also apply to SBA disaster loans as well as other agency loans, and we do recommend this change in the proposed bill.

An extension of time to permit farmers to be included under Agricultural Department programs is needed. If the feed grain signup could have been extended this year, it would have helped many farmers financially. Fields will lay idle this year because time and quick assistance did not provide debris clearance. Some of this land would have qualified under the feed grain program. This will cut the income of farmers.

Fortunately, in Branch County we did not have much damage to public facilities and schools. However, it does seem feasible that broader assistance, as authorized under S. 1861, is needed and recommended.

It seems that section 12, reimbursement for necessary emergency flood protection, should be expanded to include reimbursement to individuals, partnerships, corporations, and others for elimination of health and safety hazards after a disaster when public agencies cannot do the job in a short time. Many families in our county could not wait 10 weeks for public assistance to help clean up the hazardous situation. These people went ahead and spent their own money to contract the work. Under present interpretations of Public Law 875, they cannot be reimbursed. Their neighbors, who have been able to wait, will get the job done by public agencies eventually, and this only after protracted arguments over whether or not Public Law 875 applies to the situation at all. The money spent by individuals was needed for rebuilding of their homes, farmsteads, and business places. This has again added further financial burden upon the disaster victims.

Mr. Boyd Wiggins, our county extension director and deputy civil defense director, has been on the firing line along with others of our county officials who, at great personal sacrifice, have been trying to bring help to disaster victims. I would appreciate having him summarize the situation as experienced by our county officials who were charged with direct responsibility of aiding our Palm Sunday tornado victims.

Mr. BOYD WIGGINS. Here are a few pertinent facts that should be emphasized or reemphasized. Present disaster programs have too long a timelag before assistance is received. In our case, 10 weeks went by. People just can't wait that long with health and safety hazards around them. It seems that some type of an emergency grant should be made available immediately. Local government and local State and Federal agency offices could easily administer these funds without all the redtape that seems necessary under present programs and still insure proper and legal expenditure of these funds.

Under present programs, emergency funds cannot be granted to communities until a Federal survey team certifies the need. In many cases this takes several weeks. Counties should be given immediate emergency advances against final cost determination. Why can't private individuals be reimbursed for cleanup work which is certified as being in the public interest of health and safety and done under contract? ASCS Department of Agriculture programs do this on farm debris clearance.

Interpretations of the disaster program should be uniform from one area to another and between representatives of the same Government agency. In our case we worked the first 3 weeks on one man's interpretation of Public Law 875 then another representative moved in and told us we did not qualify for assistance under his interpretation. It took another 10 days to straighten this out and begin again estimating cleanup costs and certifying survey work. Varied SBA interpretations of requirements for loan disbursement have been discouraging and frustrating to loan applicants.

Publicity released to the public on programs tends to be misleading. People build their hopes that they are going to get help then find out in most cases that there are too many limitations and confusing redtape.

Many rural farm families, today, cannot possibly recover without financial assistance beyond that now available. Their homes and buildings have been destroyed and their means of livelihood curtailed. Local credit institutions are

not in a position to extend any long-term low interest rate credit or defer principal and interest payments for a period of time. Homeowners are faced with the same situation, in most cases, even though estimates show they carried a higher percent insurance.

Local businessmen are in the same position as farmers. Many of them need assistance beyond that available locally.

Mr. FELLER. In conclusion, we would like to recommend support of Senate bill 1861. We urge including the changes requested above with particular attention to equalizing the 40-year loan terms for SBA disaster loans. We urge that you consider ways to administer this and other programs more rapidly when a disaster occurs. Assistance is needed immediately in many cases. Uniform interpretation of the disaster programs and bills are urgently needed. Emergency funds to local governments are needed immediately after a disaster. Publicity releases should not be misleading to the public.

In addition, we urge clarification of the section dealing with "grants to States for assistance to homeowners." This is a vital section covering needed aid to our tornado victims but one which is subject to administrative interpretation that might rule out the granting of any such aid to the disaster victims of the Palm Sunday tornado, the plight of which originally prompted the drafting of this legislation. On page 7, lines 11 through 13, state: "No grant may be made under this section * * * for any loss for which private insurance is available and collectible in such State at reasonable rate."

A restrictive administration of this provision could rule out any aid to tornado victims. As was pointed out earlier in this testimony, only about 45 percent of our agricultural losses and only 65 percent of our Branch County nonfarm residence and commercial losses were covered by insurance. These victims carried what would normally be considered "adequate" insurance and in most cases the carrying of 100-percent coverage would have been considered an excessive cost for normally anticipated disasters such as fire. Any excess would be considered available only at "unreasonable rates." But we believe this section of the bill should be corrected to abide by the spirit of the loan and not to again lead people to think relief was on its way only to be stopped by administrative red tape interpretation of just what was the intent of Congress.

A restrictive interpretation would most certainly close the door on this type of disaster aid to States such as Michigan, Indiana, Ohio, Illinois, etc., where insurance is available for almost every type of disaster risk but which most citizens simply feel they cannot afford due to the high cost of 100-percent coverage. We thank you for the opportunity to present this statement.



For History on P.L. 89-769

DISASTER RELIEF ACT OF 1965

(89-22)

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON FLOOD CONTROL

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

S. 1861 and Related Bills

Part II

JULY 19 AND 20, 1966

Printed for the use of the Committee on Public Works



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DISASTER RELIEF ACT OF 1965

TUESDAY, JULY 19, 1966

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee convened, pursuant to notice, at 10:10 a.m., in room 2167, Rayburn Building, Hon. Jim Wright presiding.

Mr. WRIGHT. The subcommittee will be in order.

The Subcommittee on Flood Control of the House Public Works Committee is meeting today and tomorrow to hear witnesses in regard to S. 1861, the Disaster Relief Act, and similar House bills. These hearings are a continuation of those started last fall.

Man has had to cope with natural disasters since his beginning. As civilization has advanced and knowledge increased, man has conquered many nemeses in his desperate fight for survival. He has withstood wars, famines, pestilence, the whole gamut of human tragedy. Scientific advances and related achievements in medicine and other fields have offered him greater protection against multiple threats to his existence.

But with all his advancement, man is still vulnerable and helpless in the face of such common natural disasters as floods, earthquakes, tornadoes, and hurricanes. Those who survive them frequently find their hard-won achievements and the accumulations of a lifetime suddenly destroyed. In the wake of such natural disaster lies human wreckage and a residue of suffering.

Such aftereffects long have been of concern to the Federal, State, and local governments. Economic assistance has been forthcoming in some cases. However, such assistance often has been slow in arriving since victims of each disaster must be offered relief through separate legislation. Immediate help—the most crucial need of all—is often thwarted since little or, at best, piecemeal, legislation exists at the Federal level to render this immediate assistance. Few States and local communities are able financially to step into this breach, pending Federal help, and human suffering is compounded thereby.

This legislation is designed to provide standby authority for the rapid dispatch of more meaningful assistance to those places declared by the President of the United States to be major disaster areas.

The Senate passed this bill quite overwhelmingly. The House now resumes committee consideration.

We are quite honored today to have the author of this legislation, Senator Birch Bayh of Indiana, with us. We would be quite happy, Senator Bayh, to have you come forward and proceed in any fashion you would desire because we are anxious to hear from you and we would like for you to share with us the information you have.

Senator BAYH. Thank you very much, Mr. Chairman. Would it be within the province of the junior Senator from Indiana to ask the chairman of the subcommittee to also invite my good friend and colleague from the Fifth District of Indiana, Congressman Roush, to share the table?

Mr. WRIGHT. Certainly. We would be delighted to do that.

Edward, you come up at the same time.

Mr. Roush. Thank you, Mr. Chairman.

STATEMENTS OF HON. BIRCH BAYH, SENATOR FROM THE STATE OF INDIANA, AND OF HON. J. EDWARD ROUSH, REPRESENTATIVE FROM THE FIFTH DISTRICT OF THE STATE OF INDIANA

Senator BAYH. Mr. Chairman, you have been very kind to suggest that I was the author of this legislation. If I may proceed I would like to fill in some information concerning the origination of this legislation.

Mr. WRIGHT. Yes sir. You may proceed in any fashion you desire if the two of you would like to present a duet. Birch, I think we are sitting on the same kind of team.

Mr. CLAUSEN. I might add we are all sitting on the same team and certainly disasters cross party lines.

Senator BAYH. Thank you very much. This legislation is the result of the cooperation of several Congressmen. Mr. Roush was one of those, along with Congressman Brademas. Both of their districts were the two primary districts affected in the Palm Sunday disaster a year ago, and after the President toured Indiana and saw the 139 victims or saw where they had been killed in a matter of a very few hours, he returned to Washington not only sad but determined to try to do something about this disaster. I had a group of about 14 Senators represented in my office I asked to come there, and during the period of about 2 weeks working with the Budget Bureau and working with OEP and the affected agencies, our staff and Dr. Norton and the others did forge out a bill which was acceptable to most of all of the Senators. We know we can't get 100 percent on something like this but everyone agreed this was the best thing we could do. Congressman Roush made a very substantial contribution and I thought it only pertinent that credit be given to him.

Mr. Chairman, natural disasters show no geographical preference. Since January 1, 1964, over 55 regions in the country have been declared "national disaster areas" by the President. This may be translated into a figure which is much more meaningful to those of us in the legislative branch of Congress by saying that a total of 207 different congressional districts have suffered from severe weather conditions. There is, of course, no assurance that the remaining congressional districts will escape a natural disaster in the future.

The damage done by the tornadoes to which I referred just a few moments ago which struck Indiana in April 1965 provides a sobering example of the effects of a natural disaster. Almost impossible force is brought to bear in a minimum amount of time. Within the space of a very few hours, quiet and well-kept Indiana towns were transformed into scenes of devastation. One hundred and thirty-eight Hoosiers were fatally injured that day. Another 1,369 persons in Indiana were

hurt. The tornadoes which struck Indiana destroyed 1,251 homes, inflicted major damage on 679 others, and minor damage on 1,227 more; 208 trailer homes were destroyed, another 94 heavily damaged; 1,055 farm buildings were destroyed, and another 178 damaged; 154 businesses were destroyed or damaged. In all, 3,875 Hoosier families suffered losses of one kind or another on that fateful day. Now, these figures I only point out just to show what happened in our State in a very short period of time. We have had other disasters and there is not a person on this committee I am sure that cannot recount perhaps more vividly than perhaps these Palm Sunday figures of Indiana specific disasters that have been brought home to you in terms of human suffering and misery and loss.

Congress, as we know, previously has enacted certain legislation to provide disaster relief, especially in the public sector. Also, special acts for relief of particular areas have been adopted from time to time as the chairman pointed out. By and large, these have been administered fairly and have, as far as they go, proved helpful. But the frequent natural disasters of the past 2 years have clearly demonstrated the need for a comprehensive approach to disaster relief, and the purpose of S. 1861, as he so appropriately pointed out, is to provide such an approach. We found one of the major problems of coping the loss and suffering after the disaster struck was the fact that provision for disaster relief are contained in probably a dozen different bills and you have conflicting provisions and it was extremely difficult—you needed to have a law degree almost to figure out what you had coming or where you could get assistance from the Federal Government. We thought it would be a great asset to the people affected if we put all these bits and pieces in one package, in one comprehensive major disaster provision so you can go and see just exactly what was provided.

Mr. Chairman, I will not repeat the next part of my statement because I think you have appropriately covered what we are trying to accomplish in your remarks, but if I could I would like to briefly review the salient features of S. 1861 as adopted without objection on July 22, 1965.

Authorization would be granted in cases of major disaster for the readjustment of loans made by the Housing and Home Finance Administration, the Veterans' Administration, and the Rural Electrification Administration. Where property has been severely damaged, the schedules for payment of principal and interest on such loans could be extended to a maximum period of 40 years at an interest rate of not less than 3 percent. Payment of the principal and interest on loans made by HHFA and VA could be suspended for an additional period not to exceed 5 years if necessary in order to avoid severe financial hardship. What we have tried to do is provide a broad spectrum in which the Administrator could operate and provide aid to cope with each specific problem as he found it in the area.

Loans up to \$30,000 under the Consolidated Farmers Home Administration Act of 1961 for the repair, rehabilitation, or replacement of property damaged or destroyed as a result of a major disaster could be made without regard to whether or not the required financial assistance could be provided by private sources. We also provided this feature in the Small Business Administration loan provisions where

we have, as I will mention here in just a moment, the opportunity to have \$5,000 for occupants, \$30,000 for homeowners, and \$100,000 assistance to businesses.

The reason I point this out is that we found in talking to the Small Business Administrator that if a person was a ne'er-do-well, had really a long history of past experience where he never tried to repay his loan, and yet if he had a relatively minor loss he could come in and qualify for a Small Business Administration disaster loan. But if a person had a significant loss and was a hard-working citizen and had a good record of past performance he would not qualify for a disaster loan. I do not think we want to discriminate and make it a greater burden on a person struck by disaster if he is conscientious and willing and makes every effort to repay.

Through a new cost-sharing program, a new innovation worked out with the Bureau of the Budget and OEP, homeowners and business concerns sustaining property losses because of major disasters would be eligible for Federal and State grants to help offset those losses. To participate in this program, States would be required to develop comprehensive disaster relief plans and designate a State agency to administer assistance to disaster victims. Grants up to \$250,000 not to exceed 50 percent, as I recall, could be authorized by the President for the purpose of assisting States to prepare their disaster relief plans. What we are trying to do is to create a partnership program in which we try to reawaken the interest of the States and let them recognize that they have a sober responsibility in this effort of repairing in the event of disaster.

Mr. CLAUSEN. Would the Senator yield?

Senator BAYH. Yes, sir.

Mr. CLAUSEN. You refer to this as a grant. Have you been thinking in terms of a consolidated grant?

Senator BAYH. What we provide—I will just read the next paragraph of my statement if I might.

If damage to property from a major disaster exceeds 5 percent of the value or at least \$100, to get out of the minimal category, the Federal Government would share up to 50 percent and the State government and property owner would each assume up to 25 percent of the loss. However, there would be a maximum loss limit of \$30,000 for homes and \$100,000 for business concerns. Let me emphasize that the owner of the property would have to bear 25 percent of the cost. In addition, no such grant could be made for any loss for which private insurance is available and collectible at reasonable rates, nor for any loss in a State which has not established flood plain zoning controls.

Now, what we are trying to do there is to let the Federal Government have the burden of 50 percent, the State 25 percent, and the individual 25 percent. It just seems that it is almost impossible to guarantee an individual against any conceivable type of loss. What we are trying to do is ease the burden and get them in a position to get back in business and put them back in their homes. That is why we had this cross-sharing program which would add incentive to the individual to be insured for one thing and the State by covering 25 percent would make an extra effort to establish these flood plain zoning plans.

What we want to avoid, Mr. Chairman and members of the committee, as we know around many of our river towns we have low plains in which unfortunately for one reason or another very low income families tend to congregate in those areas. A flood comes up; they are out of their homes; their homes may be washed away, and for some reason they go right back in the same place. It seems to me that it is pretty difficult to rationalize the expenditure of money for disaster relief in an area where you know it is coming—it has come year after year after year. And so by getting the State to establish a zoning plan in which if you go into this area which is subject to almost annual inundation you are not going to be eligible for relief. Is that close enough?

Mr. CLAUSEN. Yes. I think that answers my question.

Senator BAYH. Because of extensive losses generally sustained by farmers in disaster areas, the bill would establish a new grant system for their assistance. The Secretary of Agriculture would be authorized to make grants equal to two-thirds of the cost of restoring lands to cultivation or replenishing livestock herds, with the maximum amount paid to any farmer limited to \$10,000. Reasonable terms and conditions could be imposed by the Secretary in making such grants, but no payment could be made to a farmer unless the Secretary determined that the cost of preparing lands for production had been increased as a direct result of a major disaster.

This may be a relatively insignificant thing to point out to the committee, but I think that most of us in Congress like to benefit by each experience that we have. We found that one of the real losses in this tornado, and I am certain that others of you could have let me know this ahead of time because you have had similar experiences before we did, one of the major losses were entire herds were either swept away or the tremendous force of the storm had penetrated the skin of the animals with glass and debris to the point that they soon died from internal hemorrhages. Also, we had about 300 miles of fences—300 miles, Mr. Chairman, and that is a pretty “fer” piece as we would say out in Indiana, that is a lot of fence rows that were cleaned out or rolled up in a fashion that made it impossible to use the farm for livestock and just impossible to refurbish the fence.

Now to go on, if either the owners or tenants of homes which might be destroyed or made uninhabitable by a major disaster cannot provide suitable dwelling accommodations for themselves and/or their families—this is a new provision—the President would be authorized, in order to avoid severe hardship, to acquire or lease housing which in turn could be rented to these victims for such periods as may be necessary. Rentals for this emergency shelter, including mobile homes, could be adjusted for as long as 1 year according to the financial ability of the occupants to pay, but in no case would disaster victims be required to pay more than 25 percent of the family's monthly income for these housing facilities.

We tried to tie in some of the recent housing legislation provisions and tried to provide some degree of better relief for those who live in substandard homes that are swept away as well as those who need emergency housing. For example, in Congressman Roush's district in Kokomo, as I am certain he will tell you with more specificity than I, we found there were several vacant homes on the rental market at that

particular time that could have been acquired for some of these disaster victims if the victims could have afforded to move into them. They were not mansion-type homes, but yet they were above the ability of the disaster victims. A lot of the disaster victims—it seems like the storm chose to strike in areas that had mobile homes and some substandard housing and those people could not afford the rent. We thought at least we ought to consider the possibility of permitting the Federal Government to rent these houses and move the victims into them.

Although the major thrust of S. 1861 is directed at providing assistance to private individuals and businesses which have suffered losses from major disasters, it also would supplement existing legislation in the public sector. Experience demonstrates that certain gaps or deficiencies exist in statutory authority relating to disaster relief for highways and other public works, priority for public housing, aid to unincorporated communities, and disaster warning systems. As originally worded, S. 1861 contained a section dealing with elementary and secondary school assistance in disaster areas. The provisions of this section are no longer needed, frankly, because of the enactment of Public Law 89-313 which we incorporated in this legislation.

The Federal share necessary to repair, restore, or reconstruct any Federal-aid highways damaged by a major disaster would be increased by this bill to as much as 100 percent of the cost necessary to perform such work. An amount not to exceed \$50 million would be authorized to be appropriated from the general fund for this purpose. Incidentally, this amount might have to be adjusted in the future in the light of experience in its administration. Furthermore, authority would be granted to appropriate the amount necessary to repair, restore, or reconstruct other non-Federal public highways, roads, streets, and bridges and similar-type structures.

The problem that we have presented in our State in floods, and I am sure in some of your States also, is that at a time of flooding although the major task in its turn applies to our interstate highway and our A-B-C system, that at a time like this the State funds are oftentimes required for a maximum to refurbish these highways and little attention is given to many of the farm and market county roads that are extremely important to maintain communications in the local communities, and prior to this measure at this particular moment there is no effort at all, no provision at all to provide assistance to these local roads that are so extremely important particularly in many of the rural areas of our country to get people back and forth to the major communication points.

Mr. Chairman, I might point out that we also provided for unincorporated communities to be able to take advantage of the opportunity to build sewage and water systems. We had one small community, Russiaville, in Congressman Roush's district, which was 90 percent damaged, 90 percent of the homes were damaged and almost half of them were damaged beyond repair, and those people have done a remarkable job in the face of almost unheard of adversity. We found that in an unincorporated community like this they had no access to get sewage systems which were so necessary. So we make this possible under the bill.

I do not believe there is a great need to go into the rest of my statement frankly, Mr. Chairman. We also incorporated some provisions

to put a burr under the saddle of OEP to get them to use the disaster warning system, the defense warning system in the event of disaster. We think in many areas, particularly for tornadoes, this would serve as a warning that could have saved many lives if it would have been implemented on that Palm Sunday. I will just call the attention of the chairman for whatever use to the committee it might be to the other remarks of my statement and leave with this one thought, that it is pretty difficult for me to rationalize in my own mind, in fact it is impossible to rationalize in my own mind and extremely difficult to explain to my constituents the policies which we have followed in our country of administering I think we added it up over \$800 million of disaster aid to foreign countries in various foreign assistance programs—which were compassionate and were necessary—I am not arguing against those programs—but to rationalize the reasoning behind spending this type of money for foreign citizens struck by disaster and not do a better job of dealing with the average citizen of the United States who is struck by adversity and disaster over which he has no control. I do not think the Federal Government ought to get into the loss guarantee or the insurance business necessarily and this is not what this measure does, Mr. Chairman. It merely makes it possible for a community and indeed sometimes, you know, whole communities are affected by this type of disaster, whole States, for an individual to have a better chance to get back on his feet in the finest tradition of our free enterprise system. I think it stimulates rather than deters incentive.

Thank you very much for your courtesy. I will be glad to answer questions or yield to my colleagues.

Mr. WRIGHT. Mr. Roush, of course, we are delighted to have you here appearing with the other Congressmen. We became acquainted with him when he first came to the Congress. All of us recognize him as a constructive and effective Member of the House with character, courage, and integrity. If you would like to add to the statement made by Senator Bayh or supplement it with additional information of your own, proceed in whatever fashion you desire.

Mr. ROUSH. Thank you, Mr. Chairman. I am grateful to the subcommittee for having these hearings and giving us hope that this legislation might in fact become law. I am also grateful to my friend and colleague, Senator Bayh, for the work his office did in this regard. I don't want to take a lot of the committee's time by restating many of the things which have been stated by my friend, Senator Bayh, nor rehashing things the committee already knows.

I would like to call to the attention of the committee a colloquy which occurred between myself and my friend John Brademas on the floor of the House some time ago. I have caused a reprint to be made of this. I think you might find interesting the listing of national disasters which have been declared by the President from March 17, 1964, to June 29, 1966, which I have listed in the Record. I think it emphasizes the fact that the Congress does have a job to do, especially in view of the fact that in many instances we were not able to properly cope with the problems caused by the disaster. I have sufficient copies here for the committee, and I might say that I have prepared sufficient copies to send to every Member of the U.S. Congress and we intend to do that within this week.

Mr. WRIGHT. Without objection, the Chair would like for that table of disasters to appear in the record at this point of the hearing.
(The document is as follows:)

Natural disasters declared by the President, Mar. 17, 1964, to June 29, 1966

Contract No.	Date of declaration	Type	State	Congressional districts
162	1964 Mar. 17	Severe storms and flooding.....	Indiana.....	7th. 8th. 9th.
163	Mar. 17	do.....	Kentucky.....	1st. 2d. 3d. 4th. 5th. 6th. 7th.
164	do.....	Flooding.....	Vermont.....	1st.
165	Mar. 20	Severe storms and flooding.....	West Virginia.....	1st. 4th.
166	Mar. 24	do.....	Arkansas.....	1st. 2d. 3d. 4th.
167	do.....	do.....	Ohio.....	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 11th. 12th. 13th. 14th. 15th. 16th. 17th. 18th. 19th. 20th. 21st. 22d. 23d.
168	Mar. 28	Earthquake.....	Alaska.....	At large.
169	Apr. 1	Seismic sea waves.....	California.....	1st.
170	May 26	Drought.....	Puerto Rico.....	
171	June 8	do.....	Virgin Islands.....	
172	1964 June 9	Excessive rainfall and flooding.....	Montana.....	1st. 2d.
173	July 8	Severe storms and flooding.....	Missouri.....	4th. 5th. 6th. 7th. 8th. 9th. 10th.
174	July 20	do.....	Nebraska.....	1st. 2d. 3d.
175	Sept. 8	Hurricane Cleo.....	Florida.....	3d. 4th. 5th. 6th. 7th. 11th.
176	Sept. 10	Hurricane Dora.....	do.....	2d. 5th. 8th. 9th. 11th.
177	do.....	do.....	Georgia.....	1st. 2d.
178	Oct. 3	Hurricane Hilda.....	Louisiana.....	1st. 2d. 3d. 6th.

Natural disasters declared by the President, Mar. 17, 1964, to June 29, 1966—Con.

Contract No.	Date of declaration	Type	State	Congressional districts
179	1964 Oct. 13	Severe storms and flooding-----	North Carolina---	1st. 2d. 3d. 4th. 10th. 11th.
180	Nov. 4	Flooding-----	Georgia-----	9th.
181	Dec. 10	Typhoon Louise-----	Trust Territory of the Pacific.	
182	Dec. 18	Severe winter storm-----	Montana-----	2d.
183	Dec. 24	Severe storms, heavy rains and flooding-----	California-----	1st. 2d. 3d. 4th. 15th.
184	---do---	---do-----	Oregon-----	1st. 2d. 3d. 4th.
185	Dec. 29	---do-----	Washington-----	3d. 4th. 5th. 6th.
186	Dec. 31	---do-----	Idaho-----	1st.
187	Jan. 18	---do-----	Nevada-----	1st.
188	Apr. 11	Storms and flooding-----	Minnesota-----	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th.
189	Apr. 14	Tornadoes and severe storms-----	Indiana-----	2d. 3d. 4th. 5th. 6th.
190	---do---	---do-----	Michigan-----	2d. 3d. 4th. 5th. 7th. 8th.
191	---do---	---do-----	Ohio-----	4th. 5th. 6th. 8th. 9th. 13th. 14th. 18th. 20th. 21st. 22d. 23d.
192	Apr. 21	---do-----	Wisconsin-----	1st. 2d. 3d. 6th. 7th. 9th. 10th.
193	Apr. 22	Flooding-----	Iowa-----	1st. 2d. 3d. 4th. 5th. 6th. 7th.
194	Apr. 24	Tornadoes, severe storms and flooding-----	Illinois-----	12th. 16th. 19th. 20th.
195	May 10	Flooding-----	North Dakota---	1st.

Natural disasters declared by the President, Mar. 17, 1964, to June 29, 1966—Con.

Contract No.	Date of declaration	Type	State	Congressional districts
196	1965 May 11	Earthquake-----	Washington-----	1st. 2d. 3d. 6th. 7th.
197	May 26	Flooding-----	South Dakota-----	2d.
198	June 14	-----do-----	Missouri-----	9th.
199	June 19	Tornadoes and flooding-----	Texas-----	3d. 6th. 16th. 19th.
200	-----do-----	Tornadoes, severe storms and flooding-----	Colorado-----	1st. 2d. 3d. 4th.
201	June 23	Flooding-----	Kansas-----	1st. 4th. 5th.
202	July 1	Severe storms and flooding-----	New Mexico-----	1st. 2d.
203	July 27	-----do-----	Missouri-----	4th. 5th. 6th. 8th.
204	Aug. 18	Water shortage-----	New York-----	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 11th. 12th. 13th. 14th. 15th. 16th. 17th. 18th. 19th. 20th. 21st. 22d. 23d. 24th. 25th. 26th. 27th. 28th.
205	-----do-----	-----do-----	New Jersey-----	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 11th. 12th. 13th. 14th. 15th.
206	-----do-----	-----do-----	Pennsylvania-----	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 15th.
207	-----do-----	-----do-----	Delaware-----	15th.

Natural disasters declared by the President, Mar. 17, 1964, to June 29, 1966—Con.

Contract No.	Date of declaration	Type	State	Congressional districts
208	1965 Sept. 10	Hurricane Betsy-----	Louisiana-----	1st. 2d. 3d. 5th. 6th. 7th. 8th.
209	Sept. 14	____do-----	Florida-----	3d. 4th. 6th. 11th.
210	Sept. 25	____do-----	Mississippi-----	3d. 5th.
211	Dec. 7	Heavy rains and flooding-----	California-----	13th. 33d. 34th. 35th. 36th. 37th. 38th.
212	1966 Jan. 22	Severe storms and flooding-----	____do-----	1st.
213	Feb. 10	Typhoon-----	American Samoa--	
214	Mar. 14	Flooding-----	Georgia-----	1st. 2d. 3d. 7th. 9th. 10th.
215	Mar. 22	____do-----	Minnesota-----	6th. 7th. 8th.
216	Mar. 23	____do-----	North Dakota-----	1st.
217	Apr. 30	____do-----	Arizona-----	1st. 2d.
218	May 12	Storms and flooding-----	Texas-----	3d. 1st. 4th. 5th. 6th. 7th.
219	June 10	Tornadoes-----	Kansas-----	2d.

Mr. ROUSH. Thank you, Mr. Chairman. The interest in this legislation is best stressed by the number of bills which have been introduced in the House and by the fact that some of our most recognized Members have introduced such legislation. Our distinguished colleague, the chairman of the Interior and Insular Affairs Committee, Mr. Aspinall, introduced H.R. 9885. Our colleague Mr. Brademas introduced H.R. 8069. The record I think will properly reflect the bills. Also, I introduced a bill. The reference here this morning, however, is to Senator Bayh's bill, S. 1861, and that is the bill which I will be referring to and I am only going to take a moment.

In my prepared statement, Mr. Chairman, I emphasized the fact that time is very important when a disaster does strike—time in the sense of frustrating delay in seeking relief when a home or a property has been destroyed, time in the sense of waiting for units of government, both local and State and Federal, to act swiftly, and finally time in the sense of waiting while Congress pushes legislation through the channels necessary to make laws. And so often, Mr. Chairman, even when Congress does act to aid disaster victims it is necessarily limited both in scope and location.

Another problem which we have sought to correct in our own House-proposed bills is the problem of including those victims of disasters which have recently occurred and to make sure of their eligibility. I would suggest to the committee, Mr. Chairman, that there be a retro-active clause included in this legislation. In my own bill I included such a clause, and in discussing it with the Bureau of the Budget they suggested that the date be October 3, 1964. This particular date, which was the last legislative day of the 88th Congress, as I said, was suggested by the Bureau of the Budget in order to protect disaster areas declared between the Congresses and I think their suggestion is well taken.

Mr. Chairman, I am not going to read the rest of this brief statement, but I do want to call to the attention of the committee our attempt to be helpful to the committee in providing a means of understanding the legislation which is before the committee. I have caused a comparison to be made showing what the present law does and what the proposed legislation will do, a comparison which shows the differences, a comparison which shows what is new and what is old, and I would like very much, Mr. Chairman, with the consent of the committee, to have this chart made part of the record. It is attached to my statement of which I believe you have copies. I think it is a very easy way for the committee to know specifically what our bills do.

With that, Mr. Chairman, I am concluding my statement.

Mr. WRIGHT. Without objection, that chart will be made a part of the record at this point.

(The material follows:)

"Omnibus" disaster relief legislation—Its need¹ (S. 1861 and related bills)

Agency or assistance	Present law	"Omnibus" new authority
Rural Electrification Administration.	7 U.S.C. 912. Has authority to extend time of interest payment. Loan adjustments only in ease of property damage.	Sec. 3a. Specifies loan maturity extended to 40 years. Sec. 3a. Secretary of Agriculture to make loan adjustments in ease of damage to "economic feasibility" of a system.
Housing and Home Finance Administration.	No moratorium provision..... 12 U.S.C. 1703(c), 1709, 1715. Commissioner has authority to refinance mortgages.	Sec. 3b. Moratorium on loan repayments up to 5 years. Sec. 3b. Maturity of loans extended specifically to 40 years.
Veterans' Administration---	No moratorium on loan repayments. 38 U.S.C. 1820(a) (2). Agency has discretion to reduce interest rate and maturity of loans.	Sec. 3b. May reduce loan interest rate to 3 percent. Sec. 3f. Moratorium on loan repayments up to 5 years. Sec. 3f. Reduction of interest rates specified at rate not less than 3 percent per annum and maturity specified at 40 years.
Small Business Administration.	15 U.S.C. 636(a)(1). No loans shall be made unless capital is not available from private sources. 7 U.S.C. 1922. Secretary of Agriculture shall not make loans to eligible persons under the Consolidated Farmers Home Administration unless they cannot secure credit elsewhere.	Sec. 3d. Waives need to inquire first about financial assistance from private sources; in case of homeowner, limit is \$30,000; and in case of business concern, \$100,000. Sec. 3e. Farmers can obtain emergency loan up to \$30,000 to repair farm homes or damaged buildings.

"Omnibus" disaster relief legislation—Its need¹ (S. 1861 and related bills)—Con.

Agency or assistance	Present law	'Omnibus' new authority
Grants to States for assistance to homeowners and businesses (entirely new approach to disaster relief).	No comparable provision-----	Sec. 4b. New cost-sharing plan: Federal Government gives grants to States leaving authority to develop and administer relief programs up to the State. Sec. 4b. President authorized to make grants up to 50 percent of cost of developing State program (with ceiling of \$250,000). Sec. 4b. Homeowners and businesses must assume 25 percent of property loss and Federal Government 50 percent if property loss exceeds \$100. Sec. 4c. Limits jointly shared losses to \$30,000 in case of homeowner, and \$100,000 in case of businesses. Sec. 5. Specifically authorizes the provisions of dwelling accommodations, including mobile homes, for displaced persons for a period of up to 12 months at a rental which may not exceed 25 percent of the person's or family's income. Sec. 6. Extends coverage to permit the Federal Housing Administration to insure loans to be secured by mortgage on property serving families displaced by major disaster.
Shelter for disaster victims..	72 U.S.C. 1855h. Authorizes Federal agencies to provide temporary housing or other emergency shelter for families displaced by major disaster.	
Federal Housing Administration: Insured disaster loans.	12 U.S.C. 1715. Provides assistance to private enterprise to provide homeownership for families of moderate income and low income who are displaced by reason of governmental action in urban renewal.	
Assistance to farmers-----	42 U.S.C. 1855b. Authorizes Federal agencies in any major disaster to offer assistance in clearing debris and wreckage and in rehabilitating farmlands.	Sec. 7. Grants additional authority to Secretary of Agriculture to make grants equal two-thirds of loss, but not in excess of \$10,000 for same purposes stated in law; also includes grants to replace livestock. Sec. 9. Amends provision to include rural communities and unincorporated towns and villages. Public Law 89-313 covers this area.
Assistance to unincorporated communities, new provision.	42 U.S.C. 1855b. Provides that assistance be made available to State and local governments.	
Elementary and secondary school assistance.	Public Law 89-313 covers this area..	
Highway assistance in disaster areas.	23 U.S.C. 812. Federal share for repair and reconstruction of Federal-aid highways not to exceed 50 percent of cost. 22 U.S.C. 125(a). Emergency relief fund for repair and reconstruction of Federal-aid highways, \$30,000,000.	Sec. 11. Increases Federal share payable to 100 percent of cost. Sec. 11. Increases this fund to \$50,000,000.
Priority to certain applications for public facilities and housing assistance.	42 U.S.C. 1491 et seq. Authorizes loans to municipalities, other political subdivisions and instrumentalities to finance public works facilities.	Sec. 12. Declares that priority and immediate consideration shall be given to the application for assistance under designated loan programs of the Housing and Home Finance Agency.
Authorization for public works expenditures.	No comparable provision----- 23 U.S.C. 125. Establishes emergency relief fund for repair or reconstruction of Federal-aid highway system.	Sec. 13. Provides appropriations necessary to repair, restore, or reconstruct any project authorized by an act of Congress which is completed or under construction. Sec. 13. Extends aid to highways, bridges which were not constructed under existing programs; in other words, those that aren't Federal-aid highways.

¹ All public law citations available in study by Library of Congress: "Analysis and Comparison of H.R. 9835, 89th Cong., with Present Code Provisions."

Senator BAYH. Mr. Chairman, may I make a comment at this time? I omitted in my statement to make reference to the retroactive provision and I congratulate Congressman Roush for bringing it to your attention.

I would like to emphasize this may seem rather a unique provision but there have been several States at least as far as the Members of the House of Congress is concerned who have been relying on this particular bill. All of us in Indiana did not introduce special legislation. My colleagues in Colorado had a tremendous flood that swept away broad areas as you will recall and shortly thereafter they were relying on this. A Congressman from Iowa had a disaster at that same time. We had Illinois, Michigan, and Minnesota. The Missouri was flooding and the Mississippi. So I think we can find some justifiable reliance as legal grants for the retroactive clause if I might suggest it.

Mr. WRIGHT. Thank you very much. Are there questions?

Mr. Johnson?

Mr. JOHNSON. Thank you, Mr. Chairman. Senator Bayh and Congressman Roush, I want to commend you for bringing this information that you have worked on and compiled to the committee during these hearings. Representing an area in California which received some damage during the disaster which struck in December of 1964, we know what it is to go through one of these disasters. Congressman Clausen and myself from California had our share of it and it was rather disturbing to find out the actual facts as it related to Public Law 875. After a period of time and consideration we were able to get some special legislation pertaining to that particular area of the Northwest. It did help us greatly. But the real emergency situation was well over by the time we worked out the legislation, about 6 or 7 months later. There is a need I think for the bill that you have been successful in passing in the Senate and is now before this committee along with the bills that were introduced on the House side. Certainly I, as one member of this committee, am very much interested in the legislation and would like to see it passed. I want to thank you gentlemen for the fine job you have done so far, and I hope the House will consider this matter further and pass the legislation so we will have some real good legislation on the books.

Senator BAYH. Thank you very much.

Mr. WRIGHT. Any other questions?

Mr. EDMONDSON. Mr. Chairman, I would like to begin by commending both of our witnesses this morning for a very constructive and helpful presentation. I particularly like the fact that the bills that are before us utilize existing machinery of government and do not require the creation of new agencies.

I would like to get Senator Bayh's comments upon the suggestion for retroactivity, for language on retroactivity, and see if it is still his feeling that the legislation as introduced would take care of the problem without the specific language on retroactivity.

Senator BAYH. The basis for our inclusion of retroactivity, part of which was referred to by Congressman Roush and part of which I would be glad to try to clarify, was that the date which we suggested was the close of the legislative year when Congress went home in 1964. Thus the Budget Bureau suggested this as a reasonable point beyond which Congress has not yet had the opportunity to express itself. As I pointed out a moment ago and as the chairman pointed out and as

all of you know, when a disaster strikes our area suddenly we all rush in and try to get a special bill. We have had a whole series of disasters now since this first comprehensive approach. The tornado struck Illinois, Indiana, Michigan, and parts of Ohio at the same time. We had flooding in Minnesota and Iowa. We shortly had a tremendous flood as you recall in Colorado. All those Senators were involved in this comprehensive program and they did not go into the Congress with special disaster bills for each individual area feeling that this would be the better approach. Thus, I think we can use a justifiable reliance theory as a legal grounds in which they were justifiably relying on the passage of this comprehensive bill to deal with the problems that affected them and thus they did not take advantage of the special legislative channels which have been followed by others.

Mr. EDMONDSON. I think your list does have some instances in which we did get special legislation. Is it your feeling that it should apply across the board to any disaster since October 1964?

Senator BAYH. Yes, sir. I do not feel that we should compensate a second time if some relief was provided like the Betsy bill which Congressman Boggs led through the House which did pass. But I understand from talking to him and my colleagues in the Senate from Louisiana that Betsy fell far short of the mark and did not do nearly what they thought it was going to do and that Congressman Boggs, as my colleague, Congressman Roush, pointed out, is one of the leading proponents of this measure.

Mr. EDMONDSON. I do want to make it clear I wholeheartedly support the purposes and objectives of this bill and I think it looks like a very fine bill to me. I do want to discuss further with other members of the committee this retroactive feature of it.

Mr. WRIGHT. If the gentleman would yield, in connection with that retroactive feature I think it is worth noting the inclusion of section 14 which appears beginning on page 24 of the Senate bill which assures against duplication of benefits that might have been received through other special legislation where we have some guarantee that there would not be proliferation to the same individual. It is a useful and necessary provision.

Senator BAYH. From a practical standpoint, Mr. Chairman and Congressman Edmondson, I may say without some type of provision such as this to care for all of us and all of our constituents who are represented by all of us working on this bill very few of them would receive any assistance at all from this effort which we have made which because of its comprehensive nature has taken a longer period of time. It is our feeling that it would only be just to include this retroactivity.

Mr. ROUSH. Mr. Chairman, might I add that it seems to me every special piece of legislation directed to a particular disaster is retroactive.

Mr. EDMONDSON. That is true. But is there language in S. 1861 right now that makes it retroactive?

Mr. ROUSH. I believe not. However, in the bill which I know I introduced and others introduced in the House there is the retroactive provision, Mr. Edmondson. In checking on this I found, and I will be very frank with the committee, that there is a question in the minds of people who administer the bill as to whether or not the provisions

of S. 1861 would be retroactive. In the minds of some of these people if the disaster is current—that is, if it is still a disaster area—then the provisions would pertain without a special provision for retroactivity. However, this is not an opinion which is shared by all people. I have discussed this with the Office of Emergency Planning and with the people from the Bureau of the Budget and, as I stated in my testimony, the Bureau of the Budget suggested the date of October 1964 as a good date and, as I recall my conversation, I believe they were the people who were really casting doubt on whether or not the bill without the provision would be effective in such cases as our Indiana disaster. And our intention was to cover the disasters which had not been covered by special legislation and to avoid that special legislation.

Mr. JOHNSON. Was there any mention made of it in the Senate before, Senator?

Senator BAYH. No, because at the time the bill was considered in the Senate the disasters of that year, of course, would have been covered by the bill. It is because now we have gone a year and have not completed the legislative process that it is necessary to bring in the retroactive clause if the disaster areas originally affected when this bill was born are to be adequately taken care of. At the time it was passed there was no need for the retroactive clause but now there very definitely is as far as many of us are concerned.

Mr. EDMONDSON. Is your bill identical to the Brademas bill? We do not have a copy of your bill before us. Is it identical to the Brademas bill?

Senator BAYH. Yes.

Mr. EDMONDSON. The Brademas bill makes all amendments to it effective July 1, 1964. Is this the point you are making, an amendment to make it October 1964?

Mr. ROUSH. Yes; we are doing this at the suggestion of the Bureau of the Budget.

Mr. CLAUSEN. Mr. Chairman, I want to join in the commendation of my colleagues for the testimony presented by these two distinguished gentlemen from Indiana. I would like to ask a couple questions of you, Senator Bayh. Your S. 1861, does this include any relief for the currently existing drought areas?

Senator BAYH. The measures which we provide would be eligible to any area in which the President declares it as a natural disaster.

Mr. CLAUSEN. You will recall immediately following the Hurricane Betsy there was a report filed requesting that the Housing and Home Finance Administration study in depth all major disasters and provide this committee with a report, and I would like to read the language of section 5 of Public Law 89-313:

The Secretary of Housing and Urban Renewal shall undertake an immediate study of alternative programs which could be established to help provide financial assistance to those suffering property losses in flood and other natural disasters including alternative methods of Federal disaster insurance as well as assisting flood insurance programs, and shall report his findings and recommendations to the President for submission to the Congress not later than nine months after the appropriation of funds for this study.

Now it has been brought to my attention that this report will be filed I believe during the month of August some time, and it seems to me that it would be well for this committee to have the benefit of

this particular study inasmuch as it is just a matter of weeks away before we arrive at anything relating to this so-called section 4 of the bill, because I think that generally in Hurricane Betsy and I am sure in your area as well as the areas in California we found that generally the disaster relief assistance was available in the public sector but the greatest need was in the private sector. Is not this just about the case in Indiana, sir?

Senator BAYL. Yes, sir; it is. Most of this is a private sector disaster bill with certain other features that I referred to briefly dealing with the public sector.

Mr. CLAUSEN. And because I understand that the report is very voluminous—some 2,000 pages, as I understand it—to be filed, would you agree that prior to our taking any specific action it would be advisable for us to have the benefit of this study?

Senator BAYL. I would like to if I might respectfully suggest that I do not necessarily agree with my friend from California for this reason. The enactment of this legislation would in no way preclude, indeed I think it is the duty of all of us in the Public Works Committee—I happen to be a member of the Public Works Committee on the other side, as you know, and take this responsibility very seriously—I am proud of that assignment, I think it is indeed our responsibility to take advantage of the provisions of this report and we can do that after the enactment of a comprehensive piece of legislation like this. The thing that concerns me is that August and the size of the report would mean that we really from a practical standpoint are going to get no legislation passed this year which means that everything that has been done on the other side, of course, to get it passed—both Houses would take a certain length of time as you well know—will be for naught and we have to start out from scratch. I would like to suggest that you consider the possibility of providing the relief which we need now which many communities have been waiting for for a year and a half to almost 2 years to provide a running gear on which we can take advantage of the study which is forthcoming to make changes which we feel are necessary. Of course, the committee will proceed in its wisdom, but we would be glad to provide any information which we have had in the Senate study of this. We did in fact go to all of the affected agencies. We did work closely with the Budget Bureau. So there has been a good amount of study involved in section 4 as in the rest of the bill. This is my judgment. I am sure the committee will do as it sees fit.

Mr. CLAUSEN. It might be advisable then, inasmuch as the study itself is directed principally to the private sector, that the committee should consider voluminous legislation and then withhold anything relating to section 4. But what I would like to see is a continuing pressure sustained so that we can have rapid action on this, because I fully agree with you that unless we can move something with rapidity we may be faced with a similar situation during the coming winter months which are not too far removed.

Senator BAYL. Excuse me just a moment. The reason I would certainly like to see something dealing with the private sector included in this bill is that, as you pointed out right on the nose, the present disaster provisions deal primarily with the public sector and that means everyone affected in the past 2-year period in the private

sector will get no relief at all unless we provide for it in this bill or provide for a significant period of retroactivity in a subsequent measure.

Mr. CLAUSEN. Nevertheless, I think we can all agree that there are so many relief agencies that are providing assistance such as the Salvation Army, the Red Cross, the various church organizations, that no matter what we are considering in the way of legislative recommendations, our testimony in our hearings here today and in the ensuing future here is going to have to include some broad testimony from these people so that there is not going to be any duplication of effort and certainly not destroy the initiative of these very fine organizations.

Mr. WRIGHT. The Red Cross representative will testify tomorrow. Further, in refining Public Law 89-113, passed last year section 5, did direct that a study be made of alternative means of financial assistance in disaster relief which included recommendations for additional insurance programs. The provision in that law requires that the report is to be submitted to the President not later than 9 months after the funding which occurred on November 8 the last year which would seem to place their final date to submit that report to the President August 8 approximately of this year. Now they are using all that time apparently. They have not shown a readiness as of this moment to give us a report. Assuming that it goes to the President on August 8 we do not know how long it is going to take the President to submit it to the Bureau of the Budget and submit it to us.

I am quite concerned also over the need for some expanded type of insurance program to indemnify people in the future in the private sector against these losses. I am wondering if that particular phase, the insurance phase, might not well be held over for our consideration at the time we receive that report. I am not certain it will be duplicating in any sense of efforts that we seek to provide for the private sector in this bill.

Mr. CLAUSEN. If the Chairman would yield, that is essentially the point I was making earlier. Senator Bayh, in your bill S. 1861 in section 3 (d) and (e) this relates to the Small Business Administration application for loans and the administration of loans. Could not the purpose of section 3 (d) and (e) be accomplished by the gathering of detailed information on the terms of the loans from private sources and conditions of such loans? Now a delay could be avoided without opening up the SBA requirements for home loan competition with private loans. Would you agree with this?

Senator BAYH. You are referring, am I correct in saying, to the provision which we have included which says "without regard to whether the required financial assistance is otherwise available from private sources"? You are concerned about competition with private banks. Normally I would say in the normal small business and in the other Federal agencies which have this involved, that it is a wise procedure because this is set up to provide an additional means of finance to those who cannot get it through normal channels. But in the event of disaster, of course, when you take the entire amount of funds that are administered through Small Business Administration is not tremendous compared to disaster funds. It is a relatively insignificant amount we are talking about compared to the total funds.

Nevertheless, at the time of the disaster we need it quickly, and I think for that reason we have special circumstances to give us ground to waive the normally included or should I say excluded term.

Mr. CLAUSEN. The Bureau of the Budget and the SBA I believe both raised this particular point. Of course, it is established in the act, and I think what we are trying to avoid is duplication and if you can understand that if we have the right type of broad nationwide disaster insurance programs that this really would not be a problem. I am afraid if we make it too easy on the one category it may deter our development of encouraging the type of insurance program that I think is necessary.

Senator BAYH. Let me point out specific examples which caused us to put this in the bill. Again we are not talking about the normal business situation where a man is going into a business and we require him to seek capital elsewhere. If he cannot he goes to the SBA. We are talking about a man whose business by an act of nature is wiped out. We have had specific examples of people, as I mentioned earlier in my testimony, who had a long payment record, a good payment record, who had significant losses, tremendous hardships, who had to go into banks and in some instances pay as high as 7 percent to get capital to put themselves back in business, whereas if he had gone into our Small Business office people who could never have gotten a bank loan because they just were disreputable people as far as the financial world was concerned could be put back in better shape at less cost than the good, honest, hard-working businessman. Now in a disaster program it seems to me that this is pretty hard to rationalize.

Mr. CLAUSEN. But the SBA does have a special provision for disaster loans. In the event of disaster they can move in and create their own disaster area situation without the declaration on the part of the President. I know that out in California, for instance, we were able to avail ourselves of the participation program with the banks and SBA cooperating and participating, and this provided us with an excellent opportunity to move with dispatch in the situations which you have just outlined.

Senator BAYH. Maybe I am not explaining myself well, but the way this was administered in Indiana was that our SBA director was ordered not to accept these loans even in disaster circumstances.

Mr. CLAUSEN. Mr. Chairman, I think I know this much, that the SBA was having problems because they had run out of money. That is one of the reasons I can tell you that in California, and again I am sure Mr. Johnson would back this up, the banks actually were permitted to go ahead in making the loans with the understanding that the SBA, once they were provided with adequate funds for lending, would actually bail them out.

Senator BAYH. Let me say if the present SBA law provides for the same conditions that we are trying to provide in this bill on page 7, then it really does not make much difference whether it is in or out, does it? We are trying to accomplish the same thing and perhaps we ought to check.

Mr. CLAUSEN. I think we are making the same approach. My principal concern was to not stifle the formation of a proper insurance program. I think you will agree, as you mentioned in your earlier testimony, that we want to encourage the private sector in meeting these needs.

Senator BAYH. That is why some people suggested that we have our section 4 program to cover all of the losses. I was one of the strong opponents of that. I said as sure as you cover all of the loss you are doing away with much of the incentive to insure. That is why we made it 75 percent.

Mr. CLAUSEN. Mr. Chairman, thank you for permitting me these questions.

Mr. WRIGHT. Mr. Skubitz——

Mr. SKUBITZ. Mr. Chairman, I want to join my colleagues in commending Senator Bayh and Congressman Roush on the fine job they have been doing with respect to this legislation. Certainly the objectives here are quite laudable. However, I note, Congressman Roush, in your comparative study you state that elementary and secondary school assistance is not needed because it is covered by provisions of Public Law 89-313. I am sure you are familiar with the damage that resulted to Washburn University because of the recent tornado in Kansas. I am wondering if there should not be a provision in this legislation that would give assistance to junior colleges, municipal universities, and universities. Would you care to comment?

Mr. ROUSH. Mr. Skubitz, it was our intention to cover all such contingencies, and if it is true that your universities and colleges were not able to get the relief they needed then by all means I think they should be included. I am not sure that they would have been included had we suggested retaining these provisions which do cover educational facilities. I believe most of that was directed to public education facilities. Perhaps my colleague has a comment here.

Senator BAYH. I have here a copy of the act and the gentleman is exactly correct. Subsection 16 of the act says public elementary and secondary school facilities. You see, we had these provisions in the original bill and when Senator Morse's education bill passed working with his staff we included disaster provisions in that. I want to check on this, but apparently the first reading did not cover the junior colleges aspect.

Mr. SKUBITZ. I think we should have some measure to cover junior colleges and universities.

Mr. ROUSH. I think if the gentleman would suggest such an amendment it would make a very fine contribution to this bill which seeks to be an omnibus disaster bill.

Mr. SKUBITZ. Thank you, Congressman Roush and Senator Bayh.

Mr. WRIGHT. If there are no further questions, the chairman appreciates your testimony containing the vast store of information you have presented.

Mr. ROUSH. Thank you, Mr. Chairman.

Senator BAYH. The committee has been very kind.

Mr. WRIGHT. I believe Mr. Kehoe is here representing Congressman Miller from California. The Congressman asked that he be given the privilege of appearing. Unfortunately, it affects his schedule in other hearings, so we are glad to have you in his place.

Mr. CLAUSEN. Mr. Chairman, I want to include in the record that Mr. Miller also talked to me, and we are glad to have you here.

STATEMENT OF HON. GEORGE P. MILLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA, PRESENTED BY
JOHN T. KEHOE, ADMINISTRATIVE ASSISTANT

Mr. KEHOE. Mr. Chairman and members of the subcommittee, Mr. Miller deeply regrets that his presence on the joint Senate-House conference on the space bill and his requirement to leave the city makes it impossible for him to be here. His regret is even greater because he feels so strongly about the need for legislation such as S. 1861, and particularly to the amendment to which his statement I am going to read addresses itself.

Mr. Chairman, I have previously introduced and spoken to an amendment to S. 1861, now before you, and I appreciate that the hearings commenced last October on this important legislation have now been resumed. I support S. 1861 as passed in the Senate and I feel that bill can be improved by adoption of the amendment which I offered at the earlier hearing and which is now part of your record. ✓ The amendment which I offered is designed to cover an area of void in the coverage provided by the present Federal disaster assistance law (Public Law 81-875) and in the amendments included in S. 1861 approved by the Senate. To provide reasonable coverage for all essential public facilities damaged by a major disaster, this amendment should be included in the bill.

Other witnesses will address themselves to the specific features of S. 1861 and I will comment only on the amendment to which I have referred.

✓ Present law provides that completed essential public facilities and structures—such as irrigation systems, flood control and public power projects—are eligible for Federal assistance if damaged as a result of a Presidentially declared major disaster.

Under S. 1861 this same protection is extended, in section 13(a), to such public facilities if damaged by major disaster while under construction pursuant to specific authority by act of Congress.

In both instances there is no limit on Federal assistance. But if these public projects are being constructed for State or local authority, rather than under specific congressional authorization, and if they are damaged by major disaster during construction, they are ineligible for Federal assistance simply because the facility has not been completed and turned over to the public operating authority at the time the loss occurs.

Whether federally authorized or authorized by State or local agencies, completed projects are eligible for Federal assistance. Incompleted State or local projects are not. This seems illogical and unfair and I believe such a result is not intended by the Congress.

The amendment I have filed would make public facilities, under construction by or for a State or municipal agency, damaged or destroyed as a result of a major disaster, eligible for partial Federal assistance. Reimbursement in this situation would be limited to 50 percent of eligible restoration and reconstruction costs. Eligible costs are defined in the amendment and are subject to determination by the Director of the Office of Emergency Planning, who administers Federal disaster assistance on behalf of the President and who makes other determinations under S. 1861. Specifically excluded are any

costs for which reimbursement is received pursuant to insurance or otherwise.

The incidence of major disaster is ever increasing. It has been reported that more than 55 areas in this country have been declared "major disaster areas" by the President since January 1, 1964.

Another Member of the House has stated that these disasters have affected 207 different congressional districts. And each disaster brings suffering, economic loss and privation and a need for prompt Federal assistance. A spokesman for the Office of Emergency Planning, in a hearing before this committee on another special disaster relief bill which we passed for the States of Florida, Louisiana, and Mississippi, has pointed out that—

Both the incidence and the magnitude of major natural disasters have increased recently and the most serious of these have been caused by hazards against which private insurance is generally unavailable.

In many States, including my own State of California, important public facilities designed to provide essential services to their communities are constructed by State or municipal authority and financed by bonds or other types of public financing.

These projects, while under construction, are just as susceptible to the ravages of nature as an identical project authorized by act of Congress. For some of this construction it is economically feasible to provide insurance protection, and to that extent they are not covered by this amendment. But as to those projects not insured during construction, the expense of repair and reconstruction must in many instances be passed on to the consumer and local communities in the form of higher rates for services rendered. These reconstruction costs are therefore passed on to those already burdened with other disaster-related obligations rather than the public at large.

My amendment would spread the economic burden of this type of loss equally between the United States and the persons or entity suffering the damage, because the Federal contribution to reconstruction is a maximum of 50 percent of the eligible cost.

As I stated before this committee earlier, this amendment is needed to provide a fair and reasonable cost-sharing arrangement applicable to those public projects where full insurance protection is economically infeasible and where cost of reconstruction would otherwise ultimately be borne directly or indirectly by those intended to be benefited. The amendment includes appropriate safeguards and I commend it to your favorable consideration.

Thank you.

Mr. WRIGHT. Thank you, Mr. Kehoe.

Any questions?

Mr. JOHNSON. Thank you.

Mr. WRIGHT. Mr. Johnson.

Mr. JOHNSON. I wonder if you have a copy of the amendment that was offered?

Mr. KEHOE. Yes, sir; I do.

Mr. JOHNSON. Mr. Chairman, I would like to have that made a part of the record at this point.

Mr. WRIGHT. Without objection, so ordered.

(The document referred to follows:)

AMENDMENT TO S. 1861 AS REFERRED TO THE COMMITTEE ON PUBLIC WORKS IN
THE HOUSE OF REPRESENTATIVES, JULY 26, 1965

Proposed by Mr. Miller to S. 1861, a bill to provide additional assistance for areas suffering a major disaster, viz:

On page 24 after line 18, insert the following:

“(c) There is hereby authorized to be appropriated such sums as may be necessary to reimburse not more than 50 per centum of eligible costs incurred to repair, restore, or reconstruct any project of a State, county, municipal, or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster, and of the resulting additional eligible costs incurred to complete any such facility which was in the process of construction when damaged or destroyed as a result of such major disaster. Eligible costs are defined to mean those costs determined by the Director of the Office of Emergency Planning as incurred or to be incurred in (i) restoring a public facility to substantially the same condition as existed prior to the damage resulting from the major disaster, and (ii) completing construction not performed prior to the major disaster to the extent the increase of such costs over original construction costs is attributable to changed conditions resulting from the major disaster. Reimbursement under this section shall be made to the State, county, municipal, or other local governmental agency which is constructing the public facility or for which it is being constructed: *Provided*, That if the economic burden of the eligible costs of repair, restoration, reconstruction or completion is incurred by an individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance), the State, county, municipality, or other local governmental agency shall reimburse such individual, partnership, corporation, agency or other entity not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received pursuant to insurance contracts or otherwise by the party incurring the economic burden of such costs.”

Mr. WRIGHT. Any further questions?

Mr. CLAUSEN. I just wanted to thank the gentleman for making the statement on behalf of Congressman Miller, because we have had a similar situation which took place on the forest roads and trails whereby the contractor for a road may not have had that particular road accepted by the Forest Service, and as a result his particular position was jeopardized in a very similar manner.

I for one would be inclined to look quite favorably on this particular amendment, and I commend the gentleman for offering it to the amendments.

Mr. WRIGHT. Thank you very much.

Mr. KEHOE. Thank you.

Mr. WRIGHT. The Honorable Ken W. Dyal, who is a member of this committee, active member, constructive and energetic member of the committee is particularly interested in this specific legislation.

We are not accustomed to seeing you sit on that side of the witness table, but we are happy to have you appearing as a witness and proponent of this legislation.

STATEMENT OF HON. KEN W. DYAL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DYAL. Mr. Chairman, I appreciate the opportunity of appearing before the committee on behalf of this legislation this morning.

In the interest of time, I am going to submit a statement, if I may have unanimous consent at this point in the record, made available to the members of the committee.

(The document referred to follows:)

STATEMENT OF HON. KEN DYAL

Mr. Chairman, it is my pleasure to appear briefly before the committee to make a statement in support of S. 1861. The purpose of this bill is to provide additional assistance for areas suffering a major disaster. I am particularly interested and concerned because in my Congressional District, the 33rd of California, we are still experiencing problems resulting from the devastating flood of last fall.

Many areas of this country are visited by major natural disasters every year. Unless you are personally present to observe the havoc, damage and suffering it is hard to imagine the hardship and personal losses associated with these occurrences. In last year's flood we came close to losing the Redlands Sewage plant, with the prospect of sewage pollution of the Santa Ana River all the way to the sea. The headlines of our flood—and this was but one of many—are still in my mind and I have a vivid recollection of my tour of the flooded areas along Lytle Creek, the Zanja and the Santa Ana. I saw at first hand the damage that was done and the monumental job of clean-up and rebuilding.

Earlier in this Session of the Congress we passed H.R. 11539 which provided special disaster relief for the states of Florida, Louisiana and Mississippi. This bill now before you would provide a measure of additional assistance and relief to the other 47 states. It is needed and, from my own observation, it is needed now.

I will not take your time to discuss this legislation section by section but I support its objectives and urge its passage. We have an affirmative duty to extend and liberalize Federal disaster assistance, consistent with sound fiscal and administrative policy, and the loan adjustment provisions and other benefits of S. 1861, as amended, are a right step in that direction.

There should be no delay in extending these benefits to those who have recently suffered major disaster losses and who will suffer those losses in future months. Major disasters have visited more than 200 different Congressional Districts since 1964. This is a subject that should be under constant study and search for improvement but the possibility of something better in the future is no excuse for our failure to take needed action now. I understand that several studies, including some form of disaster insurance, are now underway. That is all well and good but the assistance contemplated by S. 1861 need not and should not await the outcome of those studies. The Senate acted in this matter last July and we in the House should act now so that this additional relief can be available, on an interim basis perhaps, until a more comprehensive disaster relief program can be studied, analyzed and enacted.

In conclusion I want to address myself to an amendment now before you proposed by my distinguished friend and colleague, Congressman Miller. I support that amendment which, you will see, covers an area of obvious legislative oversight. There should be some protection to essential public facilities and structures damaged *while under construction* by states or local authorities. These structures are fully protected if completed and in operation when disaster strikes. Certainly a federal sharing of the risk of damage by major disaster during construction, on a 50% basis as provided in the amendment, is reasonable. This proposed protection would apply only to losses not covered by insurance or otherwise. It removes part of the burden of the risk of loss from the shoulders of those intended to be benefited by the public project. The amendment has adequate administrative safeguards and has my full support.

I appreciate the opportunity to express my views on what I consider a vital and needed improvement in our federal disaster assistance legislation and I commend S. 1861, and the Miller amendment, to your favorable consideration.

Mr. DYAL. I would like to make an additional statement, however, and I would like to compliment Senator Bayh and Congressman Roush, our colleague, especially in the area in which they discussed the retroactive provisions, extremely interest me since I was involved in the 33d District with problems of the flood last year.

I have made that a part of my statement. I am concerned with this delay. We are still experiencing difficulties of timing in our area. And again I can say that the SBA, as you well know, ran out of funds; so again this is a factor in my discussion.

I am extremely pleased, Mr. Chairman, that my colleagues, Congressman Clausen and Congresswoman Jolinson, have taken such an active part in discussing these problems.

They are familiar with the difficulties in our rivers and our forest trails and our highways, the loss of our bridges; and they have shown unusual leadership.

The thought I would like to add is that the flood and tornadoes have been mentioned in the hearings. I would take this opportunity to mention that in addition to the flood hazards, my district is astride the San Andreas, and earthquakes are not uncommon. Seismograph readings have recently shown more than usual activity in middle California—there have been some recent tremors.

Since I have mentioned San Andreas, you are no doubt familiar that tests show that the city of Los Angeles is creeping toward San Francisco. One columnist said this was a horrible thought. I am being facetious, Mr. Chairman, of course. But I am nevertheless expressing my concern over earthquakes as an addition to floods.

In the last part of my statement I had remarked that there should be some protection to essential public facilities and structures damaged which were under construction by States and local authorities. And since Congressman George Miller's statement, I would add that while most of these projects are covered by builders' risk insurance and hence not involved in the Miller amendment, there are instances where this insurance is economically infeasible. In construction with a location of the project work involved a degree of risk that produces a very high premium cost, going forward with the project that increases cost of the intended users beyond their means.

Since the State and local projects are generally funded by bond issues without recourse to additional financing, the addition of builders' risk insurance premiums could place the total cost to the needed project beyond the means of the community to be served.

It is a pleasure for me to make this brief statement to the committee.

Mr. WRIGHT. Thank you very much, Mr. Dyal. It should not go unnoted in the record that the gentleman from California is extremely diligent in this committee on his work on behalf of disaster relief as well as flood disaster prevention; and I know that this committee will quite seriously, sympathetically consider these amendments.

Mr. DYAL. Thank you, Mr. Chairman.

(Testimonies of Hon. Vance Hartke and Hon. John C. Culver follow:)

TESTIMONY OF HON. R. VANCE HARTKE, A UNITED STATES SENATOR FROM THE
STATE OF INDIANA

Mr. President, on Palm Sunday of 1965, a series of tornadoes devastated large portions of the Midwest. In my own state of Indiana, the disaster left 134 people dead and levelled hundreds of homes, farms, and businesses. The dreadful toll in human lives and human suffering ranks this disaster among the worst in the state's history.

Within hours after the tornadoes struck, Red Cross and Armed Service workers had proven the effectiveness of *emergency* federal disaster relief with their efficient and compassionate rescue and relief operations. The victims were housed, if temporarily, and their most immediate needs cared for.

But for many of the victims, the long-term effects of the disaster have proved nearly as difficult to cope with as the disaster itself; and here in the furnishing of long-term assistance, federal relief has proved less than satisfactory.

These people faced enormous problems: the problems of clearing ruined crop and pasture land, replacing stock and farm equipment; the problems of rebuilding homes and business establishments reduced to twisted rubble by the force of the storms.

The story of the federal government's attempts to aid the victims in their long-term rebuilding operations is a story of delay and ineptitude. What the victims needed most was a way to get money quickly for rebuilding: the farmer whose fences are down and whose few surviving cattle are roaming the neighborhood needs immediate financial help. He needs a substantial loan with a generous lending option to allow him to get back on his feet: a loan at low interest, with a moratorium on interest and principal payments, perhaps with a partial principal forgiveness. And he needs the loan *immediately*.

In the Palm Sunday tornado case, such immediate assistance was nowhere to be found. The troubles began when many farmers found themselves ineligible for FHA 3% disaster relief loans, because of credit restrictions: they had to take 4 or 5% rebuilding loans.

Troubles continued when Washington officials became bogged down in bureaucratic detail and took months to map recovery plans and make field reports, delaying loan application approvals for long periods of time. Two months after the tornadoes struck, Boone County farmers had submitted over 100 applications to the FHA for assistance in rebuilding fences; none had been approved.

Further troubles came when federal agencies failed to make good early promises for assistance. I requested from the Senate Appropriations Committee an additional \$10 million in emergency funds so that the Office of Emergency Planning could handle the tornado disaster; even with the additional funds, the OEP ran out of money.

The farmer whose cows are running loose because he cannot get money for new fences has scant appreciation for the bureaucratic tangle in Washington. In Indiana, frustration and disappointment replaced the early hopes for federal aid kindled by the good work of the emergency rescue teams and the many promises of assistance from federal agencies.

Disaster victims do not need to feel that their government has deserted them when they most need its assistance. After Hurricane Betsy struck the southeastern United States, in 1965, Congress passed the Southeast Hurricane Disaster Relief Act (P.L. 89-339), an example of constructive federal action to furnish quick and affordable long-term disaster aid. The Betsy Bill provides for interest and principal forgiveness in FHA and SBA loans. The FHA has already made some 6,500 loans to a total of \$30,000,000, including \$8,000,000 in principal forgiveness. The SBA has granted over \$20,000,000 in principal forgiveness, out of better than \$126,000,000 in loans. Without the Betsy Bill, the plight of the hurricane victims would have been wholly analagous to that of Indiana's tornado victims. It is a good measure, and a vitally-needed one.

However, we cannot continue passing bills every time a disaster strikes. There should be a better way to insure speedy and adequate aid to disaster victims, without losing the time and effort involved in passing individual relief bills for every major disaster the nation suffers. The need is for permanent and comprehensive disaster relief legislation, which can be put into effect immediately after any major disaster, anywhere in the country. The bill which we consider today would do just this. I congratulate my colleague, Senator Bayh, for introducing the measure, and I am pleased to cosponsor it. The dismay and disappointment of Indiana's tornado victims at the slowness and inadequacy of federal assistance are the most cogent arguments available for the necessity of this legislation.

TESTIMONY OF HON. JOHN C. CULVER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF IOWA

Mr. Chairman, I want to thank you and the other distinguished members of this Subcommittee for the opportunity to submit testimony on the Disaster Relief Act and to stress the importance of Congressional action on such legislation this year.

None of us likes to think of a flood, tornado, or other natural disaster striking at some time in the future, but it is critical that we be prepared for such contingencies.

The highly destructive flooding along the Mississippi River in my District last year brought to my attention in a dramatic way the inadequacies in existing pro-

grams to deal with problems caused by a disaster of major proportions. At that time, I held a series of conferences in the communities affected by those floods, and on the basis of those meetings and my observations of local recovery efforts, I introduced legislation in the House of Representatives similar to the bill which you are considering today.

The speed with which these disasters strike and the tremendous damage they inflict indicate the vital necessity of providing fully operational and completely prepared disaster relief programs in each state, in cooperation with the Federal Government.

Under existing law, as you know, whenever a natural disaster strikes, Congress must pass special legislation to provide the necessary relief to the affected area. Such action takes considerable time, when relief is needed immediately. The Disaster Relief Act would provide the necessary standby authority to be automatically implemented as soon as the President designates a major disaster area, and would thereby eliminate the critical time lag between the moment a disaster occurs and the time that major outside assistance becomes available to the victims.

S. 1861 would remove the necessity for special authorizations following each natural disaster, as are presently required. In each of these special authorizations in the past, essentially the same provisions for relief and assistance were incorporated. This new proposal would include all of those provisions in one national policy, which would be implemented in cooperation with each state, under an established Federal-State plan to meet disaster needs.

Specifically, this legislation would assist distressed victims to restore their private and business property in any area declared a major disaster by the President, through insured loans, grants to farmers to restore production and to states for assistance to homeowners and businesses, federal loan adjustments where an extreme financial hardship would result without such relief, emergency shelter for disaster victims, and assistance for school construction, highways, and public facilities and public housing. The bill has been designed to provide equal treatment as near as possible to homeowners, farmers, and businessmen, in cities, towns, and rural areas.

We have just passed a major foreign aid bill in the House of Representatives, and as a member of the Foreign Affairs Committee I am convinced of the justification and vital importance to our national interest of such financial and technical assistance and support to those developing nations who are also prepared to help themselves.

We must also be willing to provide sufficient assistance and support where it is vitally needed in our own country. This is particularly true where our people have demonstrated such courage and willingness to help themselves as has been evidenced in the response to local disasters.

This comprehensive legislation will improve our ability to cope with grave natural disasters and will streamline administrative procedures to better meet the demands of individuals in these severe situations. I urge the Subcommittee to expedite its consideration of this measure and to favorably report legislation to the House of Representatives so that final Congressional approval can be obtained this year.

Mr. WRIGHT. We have with us the Deputy Under Secretary for Monetary Affairs, Mr. Peter D. Sternlight.

Mr. Sternlight, the committee is pleased to have you.

Mr. STERNLIGHT. Thank you very much. I have with me also Mr. Duane Saunders, the Director of the Office of Debt Analysis.

Mr. WRIGHT. Mr. Saunders, it is a pleasure to have you. If you would care to proceed in whatever manner you wish?

STATEMENT OF PETER D. STERNLIGHT, DEPUTY UNDER SECRETARY FOR MONETARY AFFAIRS, DEPARTMENT OF THE TREASURY

Mr. STERNLIGHT. Thank you. Mr. Chairman, I have a statement that I will try to get through quickly. I realize time is of the essence.

Mr. Chairman and members of the committee, on behalf of the Treasury Department, I am happy to have the opportunity to testify

on S. 1861, an act to provide additional assistance for areas suffering a major disaster.

Your invitation noted that the committee is particularly interested in Treasury Department views on sections 3 and 9 of S. 1861, and that the committee would also be interested in information on material that the Treasury could provide on the report of the Committee on Federal Credit Programs.

Let me turn first to the report of that committee, since certain of its recommendations underlie the points of concern of the Treasury in sections 3 and 9 of S. 1861. I should mention that I have with me, and would be pleased to file with this committee, a copy of the report of the Committee on Federal Credit Programs.

A large number of copies of this report was originally printed and the report was subsequently reprinted, but the demand has exhausted our supply. Fortunately, the House Banking and Currency Committee included the complete report in its recent hearings on S. 2499, so that it is now available in that form.

The Committee on Federal Credit Programs was established by President Kennedy in a memorandum of March 8, 1962, which called upon the committee to make a thorough review of the impact of these programs on the economy, their effectiveness for the special purposes for which they were established, and the policies and techniques used in administering them, and to consider what changes, if any, in Federal credit programs would contribute to achieving the Nation's economic goals. In particular, the committee was directed to study five specific topics:

- (1) The circumstances under which Federal credit programs should be self-supporting and the criteria for and character and extent of subsidy where subsidies are appropriate;

- (2) The criteria for determining whether a particular program should take the form of direct Federal lending, loan insurance, loan guarantee, or other form;

- (3) The budgetary treatment of Federal credit programs;

- (4) The appropriate degree of coordination of Federal credit programs with the general monetary and fiscal policies of the Federal Government, and the use of credit programs for counter-cyclical purposes; and

- (5) The role and effectiveness of statutory and administrative interest rate ceilings in Federal credit programs.

The committee, therefore, was concerned with the establishment of general policy guidelines for the administration of the wide range of Federal credit programs and in establishing broad principles which would be applicable in the establishment of new programs. In the case of S. 1861, the first, second, and fifth of these five topics are directly pertinent.

The report was submitted to the President on November 27, 1962, after 8 months of study and deliberation by the Treasury Department, the Bureau of the Budget, the Council of Economic Advisers, and the Board of Governors of the Federal Reserve System. It benefited greatly from the full cooperation of the Federal agencies administering major credit programs and, indeed, could not have been written without their assistance.

President Kennedy transmitted the report to agency heads on February 11, 1963, with the recommendation that all departments and

agencies administering loans, loan guarantee, and insurance programs, including related grant programs, be guided by the principles outlined in the report in administering their present programs and especially in proposing any new or expanded credit authority.

Subsequently, in approving the issuance of Budget Bureau Circular No. A-70, dated February 1, 1965, which deals with the procedures to be followed in connection with proposals for new Federal credit program legislation, President Johnson also endorsed the principles established in the Report of the Committee on Federal Credit Programs. Thus, the report stands as an authoritative statement of administrative views on the standards and principles which should govern various Federal credit programs.

I also have with me a copy of Budget Bureau Circular No. A-70, which I should also be pleased to file with the committee if it desires.

Turning now to S. 1861, I would like to focus on sections 3 and 9, as requested in your letter. Subsections (a), (b), and (c) of section 3 would authorize the REA, HHFA, and VA, respectively, to refinance outstanding loans when such refinancing is necessary because of the loss destruction, or damage resulting from a major disaster. The Secretary of Agriculture would be authorized to adjust the repayment schedules and extend the maturities of REA loans. The Housing and Home Finance Administrator and the Veterans' Administrator would be authorized to refinance loans at a reduced rate of interest not less than 3 percent, extend the maturities, and suspend repayment requirements for a period not to exceed 5 years.

Subsections (d) and (e) would authorize the Small Business Administration and the Farmers Home Administration to make emergency loans without regard to whether the required financial assistance is available from private sources, or in the case of the Farmers Home Administration from cooperative or other responsible sources, including other Federal credit programs administered by the Secretary of Agriculture.

Subsection (f) would authorize necessary appropriations.

The Treasury Department certainly recognizes the financial burdens that may be caused by a major disaster. And we are not opposed to adjusting the terms and conditions of outstanding loans where this is clearly called for by the force of circumstances.

The Treasury does believe, however, that the interest rate adjustments that would be authorized by subsections (b) and (c) might be made more effectively and more equitably by relating the reduced interest rates to current market yields on outstanding Treasury obligations of comparable maturities than by providing for the reduction to a fixed interest rate such as 3 percent. In this regard, it has been our experience that a statutory ceiling or floor becomes the prevailing rate in a Federal credit program with the result that the amount of subsidy provided varies from time to time as market interest rates rise or fall, often with unintended consequences so far as both benefits and program costs are concerned.

In the meantime we hope that the study undertaken by the Secretary of Housing and Urban Development under the Southeast Hurricane Disaster Relief Act of 1965, in which the Treasury Department is cooperating, will lead to the development of more effective coordinated Federal policies and programs covering all disasters. But to

repeat, the Treasury would have at this time no objection to the type of relief that would be granted by section 3 of S. 1861.

I might add that the waiver of the requirement regarding the unavailability of the financial assistance from other sources, which would be authorized by subsections (d) and (e), also runs counter to the recommendations of the Committee on Federal Credit Programs. As a matter of principle we believe that unnecessary Federal competition with private lenders should be avoided. For this reason we would favor the elimination of these two subsections.

I should add that this determination of unavailability under present credit market conditions is something that we think could be made without undue delay.

With regard to section 9, the Treasury Department is concerned only with the amendment to section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended. A new subsection, which would be added to section 306, would authorize the Secretary of Agriculture to make or insure loans, including loans to public bodies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities in rural areas when such action is necessitated by a disaster.

It would also authorize the Secretary of Agriculture to make construction grants in the event of need up to 50 percent of the costs of such systems. In the light of the favorable action on Public Law 89-240, however, the need for this provision is minimal, since the same benefits are already authorized for most areas.

The Committee on Federal Credit Programs recommended that no program in the future be authorized which would involve Federal guarantees of tax-exempt obligations. There are several reasons for this.

First, the cost in lost tax revenues to the Federal Government generally exceeds the benefits in reduced borrowing costs obtained by the jurisdiction issuing the tax-exempt obligations; in effect the Federal Government is thereby subsidizing not only the worthy borrower, but also the investor in 100 percent protected tax-exempt issues—who is likely to be a corporation or an individual in a relatively high tax bracket and in no need for special assistance.

Second, such federally guaranteed tax-exempt securities would be superior in the market to direct Federal obligations themselves, and command a lower interest rate by virtue of the tax exemption; their increasing volume would tend to affect Treasury financing adversely.

Third, the high tax-bracket investors attracted to guaranteed tax-exempt issue would serve a more useful economic function if they employed their funds in risk-bearing investment. Accordingly, under the existing programs authorized by the Consolidated Farmers Home Administration Act of 1961, efforts have been made administratively to meet the credit needs of public bodies through direct rather than insured loans.

While the Treasury Department would prefer that guarantees of tax-exempt obligations be expressly prohibited by statute, we would not be opposed to the enactment of S. 1861 because of the present provisions of section 9. We do strongly urge, however, that the legislative history show that the Congress did not intend that tax-exempt obligations should be guaranteed under this section. I should add that, particularly in this case, such guarantees are unnecessary since

the provision authorizing construction grants provides ample flexibility to assist public bodies.

This is quite in keeping with the Report of the Committee on Federal Credit Programs, which specifically suggested that capital grants were an acceptable means, not involving the guarantee of tax-exempt securities, for providing financial assistance to public bodies.

That concludes by statement.

(Mr. Edmondson assumed the chair.)

Mr. EDMONDSON. Thank you very much, Mr. Sternlight. Have you filed with us the report which you refer to in the earlier part of your testimony?

Mr. STERNLIGHT. I will be happy to.

Mr. EDMONDSON. If there is no objection, this report will be made a part of the committee file.

Hearing no objection, so ordered.

(See committee files.)

Mr. EDMONDSON. Any questions from my right?

Mr. JOHNSON. No.

Mr. EDMONDSON. Questions on the left?

Mr. CLAUSEN. Thank you.

Mr. EDMONDSON. The gentleman from California.

Mr. CLAUSEN. Mr. Sternlight, in view of the technical assistance involved in your statement, I wonder if it would be possible for you to develop and submit language for the amendments that you have recommended as far as the so-called deletions of these various sections are concerned?

Mr. STERNLIGHT. I will be glad to do that.

Mr. CLAUSEN. I wonder if you could submit this to the committee because it might be helpful because of the technical language that would be required.

Mr. STERNLIGHT. Yes, sir.

Mr. CLAUSEN. Do you have any other comments, sir, on the other sections in the bill?

Mr. STERNLIGHT. No, I didn't. I confined myself to these particular ones on which our views were requested, pertaining to the financing provisions.

In general we are in favor of certainly the broad purposes of this legislation.

Mr. EDMONDSON. Mr. Sternlight, Mr. Wright had to step out just a minute for a meeting, but will be right back.

I would like to have you stand by for a minute if you would for any questions.

Mr. CLAUSEN. I am wondering if I could have the response from the Treasury Department included in the record at this time relating to the suggested language for amendments?

Mr. EDMONDSON. Without objection, the amendments will be added at this point in the record.

Hearing no objection, so ordered.

(The documents referred to follow:)

[Administrative Circular No. 124]

TREASURY DEPARTMENT,
Washington, D.C., February 18, 1965.

To: Heads of Bureaus, Treasury Department.

Subject: Bureau of the Budget Circular No. A-70, legislation on Federal credit programs.

The Bureau of the Budget has issued Circular No. A-70, establishing the policies and procedures to be followed in proposing legislation to extend, revise, or create Federal credit programs. The new circular is distributed herewith for information and guidance.

The new circular incorporates guidelines outlined in the Report of the Committee on Federal Credit Programs transmitted by the President on February 11, 1963. While it is unlikely that Treasury bureaus and offices will be involved directly in the administration of such programs, it is desirable that the existence and contents of Bureau of the Budget Circular No. A-70 be known within Treasury where working contact may be had with administering departments and agencies.

The substantive and procedural aspects of this new circular are akin to those treated in BOB Circular No. A-19, "Procedures for the coordination and clearance of agency recommendations on proposed, pending and enrolled legislation," and matters which may arise for consideration will be subject to the provisions for internal coordination and review prescribed in Administrative Circular No. 110, July 9, 1964.

ERNEST C. BETTS, Jr.,
Deputy Assistant Secretary for Administration.

[Circular No. A-70]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 1, 1965.

To: The heads of executive departments and establishments.

Subject: Legislation on Federal credit programs.

1. Purpose

In transmitting the Report of the Committee on Federal Credit Programs on February 11, 1963, President Kennedy requested all departments and agencies administering such programs to be "guided by the principles outlined in the Report in administering their present programs, and especially in proposing any new or expanded credit authority." The Director of the Bureau of the Budget was asked "to take the lead in assuring an effective and equitable application of these guidelines." President Johnson has indicated his agreement with the principles of the report and his continued interest in their application. This Circular establishes the policies and procedures to be followed in proposing legislation to extend, revise or create Federal credit programs, and supersedes the informal policies and procedures previously used in carrying out the President's request.

2. Definitions

The following definitions apply herein:

(a) *Agency*.—Any executive department or independent commission, board, bureau, office, agency, wholly owned or mixed-ownership Government corporation as defined in the Government Corporation Control Act, or other establishment of the Government, including any regulatory commission or board, and also the municipal government of the District of Columbia, but not including agencies of the legislative or judicial branches of the Government.

(b) *Credit programs*.—Direct loans and participations; secondary market operations; insurance and guarantees of private loans, and sales credit of more than 45 days duration provided by any agency as defined above.

3. Evaluation of proposed legislation

(a) Whenever any agency proposes legislation either to establish a new credit program, or to expand or renew the authority of, or provide broader powers for existing credit programs, the agency will prepare a memorandum evaluating

the proposed legislation in terms of the relevant recommendations of the Report of the Committee on Federal Credit Programs. The specific questions to be covered in such a memorandum are enumerated in Attachment A.

(b) The memorandum evaluating the proposed legislation will be transmitted to the Bureau of the Budget together with the proposed draft legislation.

(c) Whenever, in the judgment of the agency, no significant credit program issues are involved in the legislative proposal, the agency may request the Bureau of the Budget to waive the requirement for such a memorandum. Such request should be made well in advance of submission of the draft legislation.

4. *Use of standard language*

(a) To facilitate adherence to the guidelines in the Report of the Committee, the language governing interest rates contained in draft legislation on new or expanded credit programs will normally follow the relevant standard form contained in Attachment B.

(b) Whenever the agency proposing the new or extended authority concludes that the standard language on interest rates is not consistent with the purposes of the credit program, the memorandum evaluating the legislation will include a full explanation of the reasons for any substantial modifications proposed.

5. *Applicability of Circular No. A-19*

This Circular supplements, but does not supersede, the requirements applicable to all proposed legislation under Circular No. A-19 (including the requirement for five-year estimates of appropriations, expenditures, and employment).

ELMER B. STAATS,
Acting Director.

INSTRUCTIONS ON PREPARATION OF MEMORANDUM EVALUATING CONSISTENCY OF PROPOSED LEGISLATION WITH REPORT OF THE COMMITTEE ON FEDERAL CREDIT PROGRAMS

Each agency proposing new legislative authority affecting credit programs will submit a memorandum responding to all of the following questions relevant or applicable to the proposed authority. Each question is cross-referenced to the appropriate pages in the Report of the Committee on Federal Credit Programs and should be answered in terms of the discussion contained in the Report.

1. *Choice of credit aids (pp. 10-13)*

Why is the particular type of credit assistance which is proposed more useful and appropriate than other types of Federal aid for the program?

2. *Participation of private lenders (pp. 15-17)*

(a) If participation of private lenders is proposed, what method of operation is planned to assure effective emphasis on such participation?

(b) If major private participation is not anticipated, explain why it is not desirable or feasible.

3. *Insured and guaranteed loans (pp. 18-21)*

(a) If insured or guaranteed loans are proposed, to what extent and how are private lenders required to share the risk (coinsurance)?

(b) Does the proposal prohibit or preclude guarantee of tax-exempt obligations directly or indirectly?

(c) Does the insuring or guaranteeing agency have authority to limit maximum interest rates charged? If a statutory formula is provided, how is reasonable flexibility assured?

4. *Secondary market operations (pp. 23-24)*

(a) If a Government secondary market is involved, identify any specific provisions which are intended to encourage sales to private lenders.

(b) Is it intended that the proposed secondary market be operated in a manner consistent with or independent of over-all monetary policies?

(c) Does the secondary market proposal or the related loan guarantee proposal avoid guarantees of liquidity ("puts"), in other words, the right to shift loans to the Government without risk or cost? Is any other type of liquidity protection provided?

5. *Direct loans (pp. 24-29)*

(a) If direct loans are proposed, is the program intended to be self-supporting, i.e., how will the interest rate authorized compare with the rate necessary to

cover Treasury borrowing costs, administrative expenses and loss allowances? (See Attachment B).

(b) How will the interest rates authorized compare with costs to borrowers of guaranteed or insured private loans? With the rates which would be charged by efficient competitive private lenders?

(c) If the proposed direct loan program entails interest subsidies, what is the estimated annual cost of the subsidies? Why are subsidies of this type recommended, rather than direct subsidies, e.g., capital grants?

(d) Does the proposal avoid inflexible ceilings or floors on interest rates? Can rates be varied in line with changes in market rates? With overall monetary policy?

6. *Financing of credit programs (pp. 26-33)*

(a) On proposed loan guarantee and insurance programs, how do insurance premiums or guarantee fees compare with probable losses and administrative expenses?

(b) Is new obligational authority made available in advance adequate to provide the reserves necessary to carry out the planned level of guarantee or insurance commitments?

(c) If the proposed new program would be financed by borrowing from the private market, are the timing and terms subject to approval by the Secretary of the Treasury?

(d) Will the program use the revolving fund method of financing and include all revenues and expenses in the fund? If not, explain reasons.

(e) Does the proposed credit program provide flexibility on sales prices and terms on loans sold by such programs? Are guarantees of loans sold confined to guarantees against defaults? If not, explain why.

7. *Budgetary treatment and control (pp. 34-36)*

(a) Will the budget of the proposed credit program be subject to full disclosure and to Executive and Congressional review?

(b) What authority, standards, and plans does the lending agency have for allocating credit on an equitable basis when demand exceeds the funds provided?

8. *Promotion of economic stabilization and growth (pp. 36-40)*

Is authority provided to permit changes in terms and other steps toward promoting economic stabilization? If so, what standards govern its use?

9. *Organization and coordination (pp. 40-42)*

Would the proposed new program be assigned to the agency now serving the major purposes which the program will promote? If not, what are the arrangements for coordination?

ATTACHMENT B

STANDARD INTEREST RATE LANGUAGE FOR FEDERAL CREDIT PROGRAMS

Each agency proposing any new or expanded credit authority will include in the provision governing interest rates the version of the following specific language applicable to the type of program proposed. In exceptional cases, where in the judgment of the agency the standard language is clearly inappropriate, it may request a modification, explaining in detail the reasons for such modification.

1. *Standard formulas for direct loans*

(a) *Self-supporting program*.—"Such loans shall bear interest at a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the U.S. with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of one per centum, plus (ii) an allowance adequate in the judgment of the administering agency to cover administrative costs and probable losses under the program."

(b) *Moderate subsidy*.—Above language, substituting for the last clause the following: "plus (ii) such additional charge, if any, toward covering other costs of the program as [the Administrator] may determine to be consistent with its purposes."

(c) *Substantial subsidy*.—Above language, substituting for the last clause the following: "less (ii) not to exceed — per centum per annum."

2. *Standard formula for interest ceiling on guaranteed and insured loans*

"Such loans shall bear interest (exclusive of premium charges for insurance, and service charges, if any) at rates not to exceed such per centum per annum on the principal obligation outstanding as [the Administrator] determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the Federal agency."

Mr. EDMONDSON. Mr. Sternlight, this Budget Bureau Circular No. A-70—

Mr. STERNLIGHT. Yes, sir.

Mr. EDMONDSON. Dated February 1, 1965, do you have an extra copy of that with you?

Mr. STERNLIGHT. I gave that to your staff member along with that report of the Committee of Federal Credit Programs.

Mr. EDMONDSON. With no objection, that also will be made a part of the committee file.

Hearing no objection, so ordered.

(See committee files.)

Mr. EDMONDSON. I might say for my own part I certainly agree with you on your thought the unnecessary Federal competition with private lenders should be avoided, and that where we do move into those areas and create through legislation unnecessary Federal competition, I think we do a disservice to the community that is involved in one of these disasters.

Do you know whether the prevailing practice on SBA disaster loans is to require certification that no private financing is available?

Mr. STERNLIGHT. I think that is the case, Congressman. I think that given the credit market conditions now that this is something that can be certified to without any undue delay at all.

Mr. EDMONDSON. I know there is no doubt about the SBA practice on an ordinary loan; but I didn't know whether they required certification that no private financing was available for disaster loans.

Mr. STERNLIGHT. I believe that is the case.

Mr. EDMONDSON. We have a letter of the Small Business Administration before me here dated August 30, 1965, letter from Eugene Foley, who at that time was administrator of SBA, to Mr. Fallon, and he states:

In disaster situations prompt disbursement of section 7(b) loan funds is imperative. Since these loans are currently made at 3-percent interest, a rate generally lower than that which private sources are willing to extend, we do not hold up the disbursement of urgently needed loans by requiring each borrower to formally certify that alternative private credit is not available at reasonable cost.

Mr. STERNLIGHT. I think the distinction here may be one of what their administrative procedure is and what the formal requirements of the underlying legislation may be. He may have sufficient leeway under the legislation to be able to expedite that approval procedure in that way.

Mr. EDMONDSON. Certainly when you put that phrase regarding costs of the loan into the certification, there should not be any difficulty in getting those certifications today under a disaster. Off the record.

(Discussion off the record.)

Mr. EDMONDSON. I yield the gavel back to the gentleman from Texas.

(Mr. Wright resumed the chair.)

Mr. WRIGHT. Are there any further questions?

(No response.)

Mr. WRIGHT. If not, the committee wishes to express its appreciation to both of you for having been with us today.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon at 11:45 a.m. the committee was adjourned to reconvene at 10 a.m. Wednesday, July 20, 1966.)

(The following were furnished for insertion:)

STATEMENT OF BERNARD L. BOUTIN, ADMINISTRATOR, SMALL BUSINESS
ADMINISTRATION ON FLOOD CONTROL

Because the subcommittee is familiar with the disaster loan activities of the Small Business Administration conducted under section 7(b) of the Small Business Act, I do not feel it is necessary to explain the program.

I would like to discuss section 3(d) of the bill relating to 7(b) loans for repairing, rehabilitating, or replacing property damaged or destroyed by a major disaster.

Basically, section 3(d) states that SBA can make disaster loans of up to \$30,000 to homeowners and of up to \$100,000 to businesses, whether or not private financial assistance is otherwise available.

At present, SBA instructions to field personnel are not to generally concern themselves with whether an applicant for a disaster loan can obtain private financial assistance at reasonable terms.

I would like to read these instructions to you:

"It is not necessary for applicant to have been denied assistance or participation by his bank to be eligible to apply for a disaster loan. The processing office need not make an investigation nor shall the applicant be required to submit evidence concerning the availability of credit from other sources.

"If, however, the processing office has reason to conclude that funds may be otherwise available (1) on reasonable terms from a financial institution or other sources or (2) from the applicant's own resources, without undue hardship, such conclusion should be verified. If the evidence proves to be accurate the disaster loan should not be made or favorably recommended."

SBA has instructed its field personnel not to be concerned in most instances with the availability of private funds because of the need for speed in helping people suffering from the effects of disasters. The studies SBA always makes before approving business loans would delay the approval of disaster loans, prolonging suffering and hardship.

However, if there is reason to believe an applicant can obtain funds at reasonable terms from private sources or has sufficient funds to help himself without undue hardship, the SBA processing office involved will look into the matter before approving the loan.

This is done to make sure that the basic purpose of the disaster program is fulfilled—helping those disaster victims who cannot help themselves.

As you know, thousands of such victims of Hurricane Betsy have been helped by SBA. To date the agency has made 28,000 loans totaling more than \$126 million to residents of Louisiana, Mississippi and Florida.

SBA's assistance to disaster victims takes the form of a long-term, low-interest loan which must be repaid. The 3 percent interest rate does not cover the cost to the Government, or the cost of similar aid from private sources. Because of this, SBA feels that the taxpayer's interests are best served by not making loans to those who clearly are not in need—to those who can get financial assistance from private sources.

I am sure that the bill is not intended to depart from the policy of providing help to those who need it and asking those who can obtain private financial assistance to seek private help. However, I feel that it would have the effect of helping those not in need along with those in need. Therefore, I do not recommend the adoption of this legislation.

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF COLORADO

Mr. Chairman and members of the committee, I would like to take this opportunity to confirm my position of the first session of the 89th Congress that passage of the proposed "Disaster Relief Act" is of utmost importance. On July 19, 1965, I introduced a bill, H.R. 9919, similar to that introduced by other Members of the House of Representatives and to that which was passed by the United States Senate on April 30.

To explain my firm and continuing support of this proposed legislation I have only to cite to this Committee the fact that I am still working with individuals, unincorporated groups, incorporated groups and communities to remedy some of the damages which were caused by the disastrous floods which occurred on the Arkansas River in June of 1965. All existing federal programs were brought to bear including the emergency programs of the Small Business Administration and the Farmers Home Administration which do provide certain assistance to private individuals. But it has become increasingly clear to me that many deserving individuals and groups are deprived of any chance of recovery under existing laws. Very often these individuals sustain great personal losses merely because of technicalities such as those which deprive certain specific businesses of disaster assistance and those which limit certain forms of assistance to "public entities" of the state concerned. One glaring example of this regrettable discrimination is the fact that two irrigation ditch companies which are exactly the same in ownership and in all other respects, except that of belonging to a Conservancy District, are treated wholly differently for purposes of disaster assistance. I'm sure that other examples will come to mind for other Representatives who have suffered similar natural disasters in their Districts.

To speak frankly, I believe that it is clear from the pattern of legislation which has been enacted by the Congress that assistance to private individuals as a principle is being approached gingerly and indirectly with resulting inequalities and confusion. I believe that the legislation which I have introduced would face the issue with which we are really concerned and provide a desirable and understandable national policy and method of dealing with the consequences of natural disasters.

For one thing it would explicitly coordinate the efforts of the numerous federal agencies which are involved at a time of disaster thus making them more effective. It would provide the means of dealing quickly with basic community needs which are often unmet such as the restoration of schools. It would prevent discrimination arising out of technicalities existing between individuals in similar positions.

This legislation would also provide the means whereby individual states could join with the federal government to assist their citizens effectively. Again, this would mean the coordination of all forms of possible assistance with consequent efficiency and effectiveness.

Reviewing my personal experience with a natural disaster of large proportions, I cannot see why this Congress should avoid the opportunity to deal directly with the real remaining problem of losses to individuals and groups for which there is no recovery.

I sincerely hope that this Committee will consider reporting this important legislation during the current session of the Congress and thank you for your attention.

DISASTER RELIEF ACT OF 1965

WEDNESDAY, JULY 20, 1966

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2167, Rayburn Building, Hon. Jim Wright (chairman) presiding.

Mr. WRIGHT. The subcommittee will be in order.

We enter our second day of hearings concerning the Disaster Relief Act, S. 1861, passed in the other body.

The first witness this morning is a very distinguished Member of Congress, Hon. John Brademas, of Indiana, who brings to us first-hand knowledge of the results of the disaster in his native State last year.

Mr. Brademas, it is always a pleasure to have you before us.

Mr. BRADEMAS. Thank you very much, Mr. Chairman.

STATEMENT OF HON. JOHN BRADEMAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. BRADEMAS. Mr. Chairman, members of the subcommittee, I shall be very brief. I am grateful for the opportunity of testifying on behalf of S. 1861 and related bills that provide for omnibus disaster relief legislation.

The distinguished junior Senator from Indiana, Birch Bayh, and my distinguished colleague from Indiana, J. Edward Roush, have already appeared before you on behalf of this bill, of which I am also a cosponsor.

I can only add my personal endorsement to the comprehensive report they have submitted to your committee and comment on a few significant aspects of the bill.

I first observed the need for such omnibus disaster legislation when my own district was severely damaged by the series of tornadoes that ripped through northern Indiana on April 11, 1965. There were 54 dead, 242 injured, and millions of dollars of property damage in my district alone.

Hardest hit was the little unincorporated community of Dunlap, near Elkhart, Ind., where the destruction in some places was total, and the individual suffering beyond measurement of relief. President Johnson himself and other high Government officials, both in the executive branch and Members of Congress from Indiana and other States in the Midwest affected by these tornadoes, personally visited the Dunlap area on this occasion; and I was most impressed by the President's obvious personal concern for those who suffered.

Mr. Chairman, I appeared before this committee by means of filing a statement on the 15th of October last year; and at that time I reported that 34 major disasters had been declared by the President since July of 1964. Since those October hearings, nine additional major disasters have occurred. And I have listed those disasters in the statement that I should like to file before the committee this morning: (The document referred to follows:)

STATEMENT OF CONGRESSMAN JOHN BRADEMAs OF INDIANA

Mr. Chairman, members of the Subcommittee, I am here to testify on behalf of S. 1861 and related bills that provide for Omnibus Disaster Relief Legislation. The distinguished junior Senator from Indiana, Birch Bayh, and my distinguished colleague from Indiana, J. Edward Roush, have already appeared before you on behalf of this bill, of which I am also a co-sponsor. I can only add my personal endorsement to the comprehensive report they have submitted to your committee and comment on a few significant aspects of the bill.

I first observed the need for such omnibus disaster legislation when my own district was severely damaged by the series of tornadoes that ripped through Northern Indiana on April 11, 1965. There were 54 dead, 242 injured, and millions of dollars of property damage in my district alone. Hardest hit was the little unincorporated community of Dunlap, near Elkhart, Indiana, where the destruction in some places was total, and the individual suffering beyond measurement of relief. President Johnson himself and other high government officials personally visited the Dunlap area and I was most impressed by the President's obvious personal concern for those who suffered.

When I appeared before your committee on October 15, 1965, I reported that 34 major disasters had been declared since July of 1964. Since those October hearings, *nine* additional major disasters have occurred:

Dec. 7: California, heavy rains and flooding-----	\$2, 800, 000
Jan. 22: California, storms and flooding-----	1, 000, 000
Feb. 10: American Samoa, typhoon-----	1, 735, 750
Mar. 14: Georgia, floods-----	450, 000
Mar. 22: Minnesota, floods-----	1, 500, 000
Mar. 23: North Dakota, floods-----	400, 000
Apr. 30: Arizona, floods-----	1, 000, 000
May 12: Texas, storms and floods-----	500, 000
June 10: Kansas, tornadoes-----	1, 000, 000

Surely these facts indicate how imperative it is that we take immediate action on this disaster relief bill. We can no longer be satisfied with piecemeal and after the fact legislation each time natural disaster strikes. The victims of these nine most recent disasters could have been spared innumerable delays and omissions in federal assistance. Future victims must be spared such unnecessary suffering.

I might add at this point that I understand there has been some thought of postponing action on this bill until after the report of the Housing and Home Finance Agency is submitted to the President sometime in August. I can only agree with Senator Bayh's suggestion that such delay would be unwise.

I would like to emphasize that this bill is important not only because it will make assistance more immediately available to disaster victims, but because it extends the scope of existing legislation to make aid available to private individuals as well as the public sector. It encourages states to establish adequate emergency relief plans in which costs are shared by the state, the federal government and the individual.

Other major provisions of S. 1861 authorize federal agencies to provide shelter for disaster victims; aid to unincorporated communities; highway repair; and reimbursement for crisis flood control measures.

I firmly believe that by making this assistance more rapidly and efficiently available, the suffering and overall costs to both the victim and the taxpayer will be reduced.

I would like to add at this time that I strongly agree with my Indiana colleagues that this legislation should be made retroactive to aid those disaster victims who have not received help because of Congressional delay in taking action on this bill. I would recommend that the bill apply retroactively to October 3,

1964, the date suggested by the Bureau of the Budget since it was the last legislative day of the 88th Congress.

As I testified to you last October, "We do not yet have the scientific knowledge to prevent disaster, but we do have the power to mitigate its devastating effects." I congratulate the Chairman of this Subcommittee and all its members on their interest in this important measure as evidenced by these hearings, and I hope that we can look to the enactment of this bill into law before the end of this session of Congress.

Mr. BRADEMAs. They range from American Samoa, Arizona, Texas—I call to the attention of the chairman of the committee—and Kansas.

Surely these facts, Mr. Chairman, and members of the committee, indicate how imperative it is that we take immediate action on this disaster relief bill. We can no longer be satisfied with piecemeal and after the fact legislation each time natural disaster strikes. The victims of these nine most recent disasters could have been spared innumerable delays and omissions in Federal assistance. Future victims must be spared such unnecessary suffering.

My colleague from Indiana, Mr. Roush, said to your committee the other day, and as he said in our colloquy on the floor of the House, disaster relief delayed is disaster relief denied.

I might at this point add that I understand that there has been some thought of postponing action on this bill until after the report of the Housing and Home Finance Agency is submitted to the President sometime in August. I can only agree with the suggestion of Senator Bayh before the committee that such a delay would be most unwise and unwarranted.

I would like also to emphasize that this bill is important not only because it will make assistance more immediately available to disaster victims, but because it extends the scope of existing legislation to make aid available to private individuals as well as the public sector. It encourages States to establish adequate emergency relief plans in which costs are shared by the State, the Federal Government and the individual.

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As I testified to you last October, before this committee, "We do not yet have the scientific knowledge to prevent disaster, but we do have the power to mitigate its devastating effects."

And, Mr. Chairman, I would like to congratulate you and other members of this subcommittee on your interest in this important measure as evidenced by these hearings.

I hope that we can look to the enactment of this bill into law before the end of this session of Congress.

I should like to ask consent, Mr Chairman, to include at this point in my statement an editorial from the South Bend, Ind., Tribune dated July 15, 1966, with the significant title "At Last" which is an editorial commending this committee for having reviewed these hearings on this measure and expressed the hope for early committee endorsement and quick House passage of what the South Bend Tribune, which is the major newspaper in my part of the State, describes as this "sensible and necessary piece of legislation."

Thank you very much.

Mr. WRIGHT. Without objection the editorial will appear in the hearings at this point.

(The document referred to follows:)

[Editorial from the South Bend Tribune, July 15, 1966]

AT LAST

Next week, at long last, the U.S. House of Representatives will resume consideration of an omnibus disaster relief bill which was a direct outgrowth of the fiercely destructive 1965 tornadoes which lashed Indiana and several nearby states.

We cannot imagine why the bill has lain dormant in the House these many months since the 1966 session of Congress opened. But we are glad it has not been consigned to the limbo of permanently unfinished business, which we had almost come to believe was the measure's fate.

The Senate passed the relief bill a full year ago. The House held hearings last year but got no farther. Next week, committee hearings on the measure will be reopened.

We think the bill is worthwhile because it takes federal relief for the victims of the natural disasters out of the emergency category and sets up ongoing machinery for handling such relief. It would eliminate the need for the special disaster bills Congress is now urged to pass for individual disasters.

The bill would allow for federal loan adjustments, grants to states to aid home-owners and businesses, assistance to public facilities, schools and federal-aid highways damaged by storms, and post-disaster shelter funds. All of these things have been provided on a hit-and-miss basis in the past.

With one set of hearings on the bill already behind it, the House committee should require no prolonged new inquiry. We hope for an early committee endorsement and quick House passage of this sensible and necessary piece of legislation.

Mr. WRIGHT. Mr. Brademas, let me ask you one additional question. Suggestions were made to the subcommittee yesterday by more than one witness, notably Congressman Miller of California, and some of the others—Congressman Dyal, who is a member of this committee—to the effect that the bill might be improved by an amendment which would provide that in those instances where construction of public services had been almost complete, but not quite complete—a dam, a road, any public facility should be eligible for assistance, as are completed projects under current legislation. Additionally, perhaps forest roads or trails, which customarily are built in the western part of the country by private contractors, then deeded over to the Government in the forest reserves, but prior to this are damaged by a natural disaster, should be covered at least by some pro rata portion of the benefits which are made available once such construction is completed.

If you have any particular feelings about this?

Mr. BRADEMAS. Well, Mr. Chairman, I profess no expertise in this area of public works, the jurisdiction of this committee. And so I can only give you a kind of commonsense response to your question,

but the proposed modification that the chairman suggested makes a great deal of sense to me.

Mr. WRIGHT. Are there questions, Mr. Clausen?

Mr. CLAUSEN. Thank you, Mr. Chairman. I want to welcome our very distinguished colleague from Indiana.

Mr. BRADEMAS, could you give a westerner some indication of the timetable of occurrence of these tornadoes? For instance, in your own area I know it is very difficult to predict, but how often has this occurred, over say the last 50 years in your own area?

Mr. BRADEMAS. It has not occurred very often in my own area. Indeed, I say to Mr. Clausen, that I have no recollection. I would have to check; but I have no recollections myself of our area having experienced such a devastating storm as the one that took place on Palm Sunday to which I referred and which is the chief cause of my concern about this legislation. Of course, I am sure that the gentleman from California will agree with me, even if it only happens once in a half century or once in a century, that is once too often.

Mr. CLAUSEN. Would you say the State of Indiana is tornado prone? Does it happen around you quite frequently?

Mr. BRADEMAS. Not nearly as often as the case might be in other parts of the United States. I would not say we are a tornado-prone State.

Mr. CLAUSEN. So that you are like many other parts of the country, which it seems to all to have been subjected to extraordinary disasters last year?

Mr. BRADEMAS. I think that is fair to say.

Mr. CLAUSEN. Final question, what percentage of the losses were covered by insurance, and I am wondering if you could possibly give the committee the benefit of your knowledge on the affordability of premiums—

Mr. BRADEMAS. On the—

Mr. CLAUSEN. The affordability, the ability to pay the premiums.

Mr. BRADEMAS. I don't have that information, but I should be very glad to supply it for the record.

Mr. CLAUSEN. Thank you.

Mr. WRIGHT. If there are no further questions, the committee wishes to express its appreciation to you, Mr. Brademas, as one of the sponsors of this legislation.

Mr. BRADEMAS. Thank you very much, Mr. Chairman.

Mr. WRIGHT. Our next witness is the Honorable Roy H. McVicker of Colorado, whose district has also been subjected to floods and other natural disasters.

We are very happy to have you with us.

Mr. McVICKER. Thank you very much.

STATEMENT OF HON. ROY H. McVICKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. McVICKER. I want to first start out by expressing my own appreciation of the opportunity to speak here in front of this subcommittee on this disaster relief act.

I did appear before this subcommittee last October 15, and my plea today is essentially the same now as it was then. Therefore, I

will make my remarks very brief, but I would like to reiterate in the strongest possible terms my support for this legislation.

I do feel that it is in the finest American tradition to help a neighbor in distress. I also believe it is good sense to spread the risk. No one area should be saddled with crushing losses from the unforeseen disaster. I believe, furthermore, that our disaster relief laws are not strong or broad enough.

Last October, when this subcommittee held earlier hearings on relief legislation, our Nation was recovering from a series of the most severe natural disasters in our history. Earthquakes, floods, tornadoes, and hurricanes had laid waste to thousands of square miles. My own area in Colorado was devastated in June 1965 by unparalleled floods. No one in my State could remember anything like them happening to Colorado before. I joined Congressmen Aspinall, Rogers, and Evans at that time, as well as colleagues from other stricken areas, in introducing bills similar to S. 1861. We knew the need for this bill. We saw our districts crippled, and realized the inadequacy of existing recovery legislation.

Homeowners, businessmen, and farmers came out of those disasters with nothing but their mortgage obligations. Life savings were gone overnight. I know in Colorado that response of Federal officials was quick and openhearted, and my constituents were impressed and grateful.

I asked a number of the Federal committees to set up small offices within the area. They responded immediately and as much as possible provided help. I think the action of the Federal people in cooperation with the State and local people is simply outstanding.

The Edmondson subcommittee, of which Mr. Clausen is a member, took their time and visited our area after the floods and gave a real lift to the people of my area to show that the Congress of the United States would extend its own sympathetic understanding and desires to see the problems firsthand.

And I want to say again to the gentleman from California and his colleagues, the gentleman from Oklahoma and all that took part, the gentleman from New York, Mr. McEwen, how much we still appreciate and what it meant to my area to have them take their time and effort to do what they did. Yet all the aid the Government could provide under current programs fell short of our needs.

It turned out that aid for private citizens was more difficult to get than money to rebuild a bridge on a public highway. Certainly guaranteed relief from destitution for these victims was also a worthy goal. Their needs at times were elemental: food, shelter, and clothing. Even aid to rebuild public property was not always forthcoming. At that time, for example, unincorporated areas could not get help. Sewage disposal systems in the construction phase could not be replaced, while they could if they were already in operation. May I say at this point that I strongly support Congressman Miller's amendment to section 13 of S. 1861, which alleviates its shortcomings on this kind of case. In short, our relief programs were spotty and incomplete.

Special relief legislation is almost always needed when major disasters strike. Time after time, Congress has had to put through bills to aid specific areas. This means duplication of effort for Congress,

and trouble and uncertainty for the stricken area. A special bill was needed for the Alaskan earthquakes, the floods in the Northwest, and the tornadoes in the Midwest. Doesn't all of this prove that we need a law to provide essential aid automatically when the President declares a major disaster area?

We must replace the haphazard method of special supplementary relief legislation for each disaster. We ought to pass an omnibus disaster relief bill to provide a basic authority for all Federal relief programs. I strongly urge, as I have for a long time now, the passage of S. 1861.

Thank you again, Mr. Chairman, for this opportunity to come in front of your committee.

Mr. WRIGHT. We thank you for your straightforward, concise statement. You might be interested in a comment that was made in my hometown of Fort Worth last Friday evening by the Vice President of the United States who said:

If the United States is rich enough and smart enough to put a man on the moon by 1970, it ought to be rich enough, smart enough, to put a man on his feet in the United States.

Are there any questions, Mr. Clausen?

Mr. CLAUSEN. Mr. Chairman, about the only question that I would like to direct to the gentleman from Colorado is, if he has any idea of the percentages of losses recoverable through insurance in the private sector.

Mr. McVICKER. I can't give you the exact specific numbers, but it would be almost zero. We simply do not have flood insurance in my area. It is extremely expensive, as you know. We have not had the flood experience and the background that would tell our businessmen that they ought to be looking at this. I would say it comes about as close as being zero. There was some, but very, very little. Basically this was simply a wipe out condition.

Mr. CLAUSEN. Generally the relief that was available was principally in the public sector?

Mr. McVICKER. That is right.

Mr. CLAUSEN. And practically nil as far as private sector is concerned?

Mr. McVICKER. That is right.

Mr. CLAUSEN. That seems to be consistent with the other witnesses.

Mr. WRIGHT. I think it is generally.

Mr. McVICKER. Yes.

Mr. WRIGHT. There just is no widespread ownership of any flood insurance in the private sectors, prohibitive as to cost I suppose.

Mr. McVICKER. It is just about, I assume, the most expensive insurance there is. At least in my area, my businessmen told me, they can't afford it.

Mr. CLAUSEN. To what extent has the Red Cross and other organizations come in to assist with financial commensuration?

Mr. McVICKER. I think they spent in Colorado, and I think they added the Northwest—I saw the figures of over a million dollars. They spent a considerable amount of money. Again they used my headquarters.

The day the flood happened I opened up in the worst stricken area, as you remember which was just south of Denver there in Littleton

and Cherryville, where we went on that bus trip. I took over part of the courthouse and opened up a headquarters there and had officials there and the Red Cross there.

Red Cross helped a great deal in immediate relief. They processed a number of applications. They were short on money as, unfortunately, it so often happens in this case; but their criteria were almost destitution. This was the problem again of the Miller amendment in effect. Destitution is obvious, and you try to help if the person has nothing, and they have lost whatever little they had; but that is their criteria because of the lack of money. You get into a person who has got an average job, who loses his house, loses his clothes and his kids' toys and his furniture, he comes up and he is still able to have a job and he started where he was 20 or 30 years ago. In this area they are not able to help. This is a big area.

Mr. CLAUSEN. Thank you.

Mr. WRIGHT. Thank you very much, indeed.

Mr. McVICKER. Thank you.

Mr. WRIGHT. A colleague and a member of our committee, Hon. Don Clausen, has a statement which he wishes to make but has consented, since other people have come here at some inconvenience to themselves, that we hear them first and defer his own testimony until later.

Bernard H. Polk, Assistant Administrator of the Farmers Home Administration of the Department of Agriculture.

Mr. Polk, would you introduce to the committee the others who accompanied you?

STATEMENT OF BERNARD H. POLK, ASSISTANT ADMINISTRATOR, FARMERS HOME ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JACK FROST, DIRECTOR OF THE EMERGENCY LOAN DIVISION OF THE FARMERS HOME ADMINISTRATION; FRED G. RITCHIE, DIRECTOR OF CONSERVATION AND LAND USE IN THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; AND CHARLES U. SAMENOW, LEGISLATIVE AND INTERAGENCY CONSULTANT OF THE RURAL ELECTRIFICATION ADMINISTRATION

Mr. POLK. Mr. Chairman, and members of the committee, I am Bernard H. Polk, Assistant Administrator for Community Services of the Farmers Home Administration of the Department of Agriculture. I have with me Mr. Jack Frost, Director of the Emergency Loan Division of the Farmers Home Administration; Mr. Fred G. Ritchie, Director of Conservation and Land Use in the Agricultural Stabilization and Conservation Service; and Mr. Charles U. Samenow, legislative and interagency consultant of the Rural Electrification Administration.

Mr. Chairman, first I will read a statement describing the Department's position on S. 1861 as passed by the Senate. After I have done this, we will attempt to answer any questions you or members of the committee may have.

The Department of Agriculture favors the purpose and intent of S. 1861 as passed by the Senate and recommends passage subject to certain modifications.

Section 3(a) authorizes the adjustment of repayment schedules on REA loans, and the extension of loan maturity dates to 40 years from the present 35-year statutory term, when such action is found necessary because of loss, destruction, or damage of the property, or impairment of the economic security of REA borrowers, resulting from a major disaster. This supplements, and does not replace, the loan extension authority already provided in section 12 of the Rural Electrification Act which authorizes extension of the time of payment of interest on principal for not more than 5 years after such payment becomes due.

Section 3(a) provides greater flexibility than is now available in adjusting loan terms where required because of a disaster. It would cover situations not only where a borrower's property is itself disastrously damaged but also, even where such physical damage is not incurred, the damage is economic due to loss of consumers or their disability to use the system's services.

The Department favors enactment of section 3(a) as an effective means of lightening the financial burdens of REA-financed systems occasioned by a major disaster.

Section 3(e) would authorize the Farmers Home Administration to make emergency loans not to exceed \$30,000 for the repair, replacement, or rehabilitation of property damaged or destroyed by a major disaster without regard to an applicant's ability to obtain credit elsewhere. This provision is inconsistent with the supplementary credit philosophy and statutory eligibility requirements for all Farmers Home Administration lending programs. The Department feels that Government funds should continue to be loaned only to applicants who are unable to obtain credit from other sources.

The Department feels that section 4 should be revised to include farmers along with homeowners and business concerns as eligible for assistance. This could be accomplished by inserting "farmers" after "homeowners" to make this read, "homeowners, farmers, and business concerns" wherever appropriate throughout the section and make section 4(c) (4) read—

specify that the maximum amount of loss to be shared jointly by the homeowner, farmer, or business concern, the State and the Federal Government under such a program shall be \$30,000 in the case of a homeowner, and \$100,000 in the case of a farmer or a business concern.

Section 7 would authorize the Secretary of Agriculture to make grants to farmers whose farmlands or livestock have been damaged as a result of a major disaster. That part of this section relating to farmlands damaged by a major disaster is opposed as unnecessary for the reason that the Secretary of Agriculture now has under Public Law 85-58 authority to make payments to farmers who carry out emergency measures to rehabilitate farmlands damaged by wind erosion, floods, hurricanes, or other natural disasters. The provisions of Public Law 85-58 do not limit payments to a percentage of the cost of carrying out emergency conservation measures, or the amount of such payment to an individual farmer, or to major disaster areas as determined by the President. However, in the administration of these provisions, cost-share payments for emergency conservation measures have been limited to a maximum of 80 percent of the cost of performing such half measures and a maximum of \$10,000 to an individual farmer.

The Department recommends that sections 7(a) and 7(b) be revised to read as follows:

SEC. 7(a). The Secretary of Agriculture may make grants to farmers to replace livestock injured or killed by the major disaster in the event and to the extent he finds that a farmer is unable to qualify for loans to replace livestock lost during or as a result of the disaster.

SEC. 7(b). The amount of the grant authorized under this section in the case of any farmer for livestock shall not exceed an amount determined by the Secretary to be equal to two-thirds of the value of the livestock destroyed and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

Section 9(a) would amend section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended. This amendment would provide, in areas which have suffered major disasters, loan and grant assistance to associations, including corporations not operated for profit and for public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster.

The Department of Agriculture agrees with the objectives of this proposed change in section 306. However, Public Law 89-240, approved October 7, 1965, added authority to make loans for waste disposal systems and to make grants of not to exceed 50 percent of the cost in connection with water systems and waste disposal systems in rural areas. Therefore, the objectives of this proposal are already met with regard to water systems and waste disposal systems. There is no present authority with regard to grants for other public facilities providing community services in rural areas and the authorization for loans is limited to recreation facilities and shifts in land use.

Mr. Chairman, that concludes our statement. If you have any questions, we will be glad to attempt to answer them.

Mr. WRIGHT. Do you have any questions, Mr. Clausen?

Mr. CLAUSEN. Thank you, Mr. Polk, for your fine testimony. I have a couple questions here.

In the August 31, 1965, letter of the Department of Agriculture, reporting on certain bills that were identical to S. 1861, it is pointed out that some States would have to amend their constitutions to utilize the provisions of section 4. Can you tell us which States would have to amend their constitution?

Mr. POLK. Mr. Clausen, I cannot give you the States by name. The Office of General Counsel made this observation, and we would be glad to furnish the States for you.

Mr. WRIGHT. We thank you very much, Mr. Polk. We appreciate your coming before us.

Our next witness is Dr. Myron R. Blee, the Deputy Director of the Office of Emergency Planning.

Mr. CLAUSEN. Mr. Chairman, I did not realize—I thought that the gentleman from ASCS was going to remain. I wonder if I could ask a couple of questions of him now.

Mr. WRIGHT. Yes, if you gentlemen would just remain.

Mr. Ritchie.

Mr. RITCHIE. Yes.

Mr. CLAUSEN. What I have been principally concerned about, sir, is the adequacy of your program for reseeding after forest or grass fires have gone through an area. What I am concerned about, of course, is whether your experiences have provided you with sufficient funds and sufficient flexibility because I noted in my congressional district in California that there was a great deal of difficulty because they simply didn't have the funds to be able to move in and provide the farmers with the percentage that was allocated under law; and I also noticed they were not able to go to some of the other States that had an allocation.

I wonder if you could comment on this, Mr. Ritchie?

Mr. RITCHIE. Yes. We at one time, about 2 years ago, our funds for our operations under Public Law 85-58 got down to a rather low point. This fund is a continuing fund. No appropriation is available until spent. From time to time, additional appropriations to replace the amounts used had been sought; but at one point we got down rather low. And as a result of that last—in the appropriation for fiscal year 1966, the Congress provided \$24 million and the Senate Appropriations Committee, I believe, particularly concerned itself with maintaining an adequate balance in this fund, so that for the future when disaster struck an area we would be able to move in immediately without waiting for Congress to take action on the appropriations.

We currently have about \$15 million in the fund. The fiscal year 1967 appropriation for the Department of Agriculture, which had passed both houses, provides additional \$5 million, which will give us \$20 million. This is well in excess of any amount that we have had to use from the fund in any one year in the past. I would say we are in a very good position to meet any problems that may come up during 1966 or early 1967.

Mr. CLAUSEN. Do you have similar authority in your agency to that which the Small Business Administration enjoys and that being that they can actually implement the disaster area designation on their own without a major declaration from the President?

Mr. RITCHIE. Yes, sir. We have under Public Law 85-58, authority for the Secretary of Agriculture to make the designation of disaster, declaration of disaster without going through the President.

Mr. CLAUSEN. So then based upon experiences of the disaster, you feel satisfied that you have adequate funds and adequate flexibility as well as the ability to meet the disaster?

Mr. RITCHIE. Yes. We feel that the existing authority we have, if anything, is a little broader and more flexible than what is in S. 1861.

Mr. CLAUSEN. Because I do want to compliment you on the exceptionally fine job there in California because, as you know, it is so important to have this reseeding take place almost immediately after forest fires so as to permit the lands to be ready for the oncoming winter rains, so again I want to compliment you.

Mr. RITCHIE. Thank you.

Mr. WRIGHT. Thank you very much.

Dr. Blee, would you come forward and present to the committee the other gentlemen with you.

STATEMENT OF DR. MYRON R. BLEE, DEPUTY DIRECTOR, OFFICE OF EMERGENCY PLANNING; ACCOMPANIED BY ROBERT Y. PHILLIPS, DIRECTOR, GOVERNMENT READINESS OFFICE; MORDECAI M. MERKER, LEGAL ADVISER; CHARLES H. BEAL, CHIEF, NATURAL DISASTER DIVISION

Dr. BLEE. Mr. Chairman and members of the committee, Mr. Merker is our legal adviser, Mr. Phillips is the Director of the Government Readiness Office; and Mr. Beal is the Chief of the Natural Disaster Division.

Governor Bryant regrets that he is unable to appear before you this morning, and he has asked me to convey his thoughts concerning Senate bill 1861.

As Director of the Office of Emergency Planning, Governor Bryant directs and coordinates disaster relief for the President. Hence we have a deep interest in any legislation which would improve the Federal response to disasters.

The basic disaster assistance provided by the Federal Government is authorized by Public Law 81-875, Federal Disaster Act, which OEP administers for the President. Public Law 81-875 was enacted almost 16 years ago. The record will show it has been a most effective instrument in providing prompt and efficient disaster relief. When the President declares a major disaster, OEP marshals the technical capabilities and manpower of other Federal agencies and coordinates their activities to ease suffering of the victims.

Public Law 81-875 provides a uniform and continuing means of assistance by the Federal Government to States and local governments threatened or suffering from the effects of major disasters. The act provides the legal authority for Federal disaster relief and authorizes establishment of permanent administrative procedures to assure swift and orderly assistance. Federal assistance under the act supplements relief afforded by private, local, and State agencies. Types of assistance under Public Law 81-875 are: protective, health, and sanitation measures; debris clearance, repair or replacement of essential public facilities of State and local governments, and furnishing temporary housing.

Since 1953, a total of 227 major disasters have been declared by the President. Flooding in Arizona early this year led to the Presidential declaration of a major disaster. At that point, every State in the Union, plus Puerto Rico, the Virgin Islands, Trust Territory of the Pacific Islands, Guam, and American Samoa, had received financial assistance under Public Law 81-875. Many States have been aided on numerous occasions. The Nation's capital is, ironically and happily, the only area of the Nation which has not found it necessary to request such assistance. Also, the yearly allocations from the Public Law 81-875 fund have mounted in recent years due, in part, to such catastrophic disasters as the Alaskan earthquake and Hurricane Betsy. Expenditures for disaster relief in fiscal year 1966 from Presidential allocations amounted to \$132,761,650, the largest sum expended in a single fiscal year since the law has been in force.

Mr. Chairman, I agree that existing legislation on this subject should be reviewed periodically and have incorporated in it any

improvements that will enable the Federal Government better to cope with the growing incidence of major disasters. Ad hoc measures are, at best, of only interim value. They do not permit long-range new systematic planning of the total Federal response. We are therefore pleased to support the principle of legislation that is general in application and permanent in nature and to give my views on specific sections of the bill before you.

Section 1 establishes the title of the act and should, of course, be updated to 1966.

Section 2 defines the term "major disaster" as one declared under Public Law 81-875. This too appears to be appropriate.

Section 3 applies to disaster loan programs of several Government departments and agencies. I believe you should hear directly from these agencies as to the specific effects of this section.

Section 4 would provide for a loss-sharing approach to aid the private sector with authority vested in the President. As a result of Hurricane Betsy, the Congress passed the Southeast Hurricane Disaster Relief Act of 1965. Section 5 of this act provides for the Secretary of the Department of Housing and Urban Development to study alternative financial assistance programs, including feasible methods of Federal disaster insurance. It would be inappropriate for OEP to comment on this section of the bill until the results of this study have been received and weighed, for we need comprehensive information from such a study before recommending permanent disaster legislation. Disaster aid to the private sector is the area which I feel needs our attention.

Section 5 would authorize the President to provide shelter for disaster victims. This section duplicates authority now available under Public Law 81-875 except for the authority to acquire real estate. The present lack of authority to acquire realty under Public Law 81-875 has not hindered our ability to provide emergency housing. In our view this section is unnecessary and undesirable. We would oppose legislation which would encourage the use of an emergency program as a method of accomplishing long-range housing objectives.

Section 6 would amend the National Housing Act, a statute that is administered by the Department of Housing and Urban Development.

Section 7 would apply to assistance to be rendered to farmers by the Department of Agriculture.

Section 8 would pertain to disaster warnings by the Department of Defense. We defer to these respective Departments.

Section 9. I believe the first paragraph of this section is unnecessary since Public Law 81-875 authorizes the repair or restoration of public facilities regardless of their location. This paragraph should be deleted.

Section 10(a) would provide financial assistance for the construction and operation of public elementary and secondary schools in areas hit by a major disaster. Subsection (b) deals with the maintenance and operation of schools in these areas. On November 1, 1965, the Congress enacted Public Law 89-313, which provides this type of Federal assistance until June 30, 1967. Therefore, this section is not necessary at this time.

Section 11 of the bill would authorize the payment of as much as 100 percent of the cost of emergency repair and replacement of any Federal-aid highways. It is our opinion that Public Law 88-658, enacted by the Congress in 1964, providing for emergency repair and replacement of these highways on the same sliding scale basis used for initial construction, is a fair and equitable approach.

Section 12 would aid areas suffering the effects of a major disaster by authorizing priorities to their application relating to public facilities and public housing. We believe this section would be a useful addition to the overall legislation.

Section 13, subsection (a) would authorize the repair or reconstruction of projects for flood control, navigation, irrigation, reclamation, public power, sewage and water treatment, watershed development, or airports, including those under construction at the time of the disaster. The purpose of this subsection appears vague and the need for it is uncertain and therefore we are unable to support it. Subsection (b) would authorize the Director of the Office of Emergency Planning to allocate funds, up to 100 percent of cost, for repairs not covered under 23 U.S.C. 125. Under this section of the code, the Secretary of Commerce is authorized to make expenditures from an emergency relief fund for the repair or reconstruction of highways, roads, and trails which he finds have suffered serious damage as a result of a disaster. OEP now has authority to make Federal financial assistance available for emergency repairs or temporary replacement to the facilities covered by subsection 13(b). We believe the assistance now provided under Public Law 81-875 is adequate and therefore this subsection is unnecessary.

Due to the lack of clarity in subsection (a) and the lack of need for subsection (b), we oppose this section of the bill.

Section 14 would provide for the administration of Government programs in a manner which would avoid duplication of disaster benefits. This section should be a hallmark of all Government programs. I heartily endorse it.

In view of the study now being conducted as authorized by the Southeast Hurricane Disaster Relief Act of 1965, we believe that these hearings should be held open for further consideration of general disaster relief legislation. As the President stated when he signed the act, we are hopeful that the study "will provide the basis for developing a workable program of protection for property owners in disaster areas either by extending the insurance plan of pooling the risks or by joint Federal-State sharing along with the private owners the cost of losses arising from uninsurable risks.

Thank you.

Mr. WRIGHT. Dr. Blee, your comments with respect to section 10 (a), providing financial assistance to elementary and secondary schools, subsection (b) of the same section, you state that this isn't necessary at this time. You seem to lean upon the fact that existing enabling legislation extends to June 30 of next year. Is that the only reason for opposing the inclusion of such?

Dr. BLEE. Yes, sir; on the assumption that this legislation would be extended beyond the period June 30, 1967, we would feel that it would continue to be unnecessary to have it, sir.

Mr. CLAUSEN. Would the gentleman yield at that point?

Mr. WRIGHT. Yes.

Mr. CLAUSEN. The thing that does concern me is that supposing there may be some changes in the other legislation that it would not cover this, and we find ourselves faced with an emergency, I am wondering if it might be advisable or feasible to offer recommendations as a sort of backstop, Mr. Chairman? This is the point I am sort of concerned about. We can have legislation here depending on other departments and other fields of legislation and have that pulled out from under us and yet we don't have a long-range assistance program ahead of us.

Dr. BLEE. Yes, sir. If I may, I will ask Mr. Merker to respond.

Mr. MERKER. We expect to have the date extended. The point that we made was that the provisions are identical, are almost identical, and it would not be necessary to have the same law in two different statutes. If this committee were to consider extending the date, it is undoubtedly what would happen anyway.

Mr. WRIGHT. Do you see any harm in having a somewhat more permanent authorization?

Mr. MERKER. No, sir. Actually it has been the practice to extend the very provisions which were amended by the sections of Public Law 89-313; 89-313 actually amended existing statutes which in themselves are extended from time to time.

Mr. WRIGHT. Of course I understand that; but I ask if there is any harm of having a somewhat more permanent authorization?

Mr. MERKER. I see no harm.

Mr. WRIGHT. Let me ask a second question in connection with that. Do you see any harm to extending this coverage where it now applies to elementary and secondary schools so that it also might apply to a public junior college?

Mr. MERKER. Under Public Law 81-875 we provide funds for repair and restoration of public colleges, State or city owned, and that authority exists now.

Mr. WRIGHT. You already have authority to do this?

Mr. MERKER. Yes, sir.

Mr. CLAUSEN. And that does include junior colleges specifically?

Mr. MERKER. And it includes public education, whether it be junior college or senior college, as long as it is State, city, or county it would be eligible—as long as it is public.

Mr. WRIGHT. Now as to section 11, you find objection in the sense that it would provide 100 percent of the cost of the emergency repair and placement to Federal aid to highways. Do you feel it is a wiser policy to limit the Federal participation in emergency repair and replacement to the same percentage reapplied in our construction costs.

Dr. BLEE. Yes, sir; we do.

Mr. WRIGHT. Now your comment on section 13, particularly with respect to subsection (a) which is, as you say, vague, and the need for it is uncertain.

Let's look at section 13 for a minute. Subsection (a) of section 13 says there is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project, completed or under construction, for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed

development, or airport construction, which has been damaged as the result of a major disaster. It mentions that it is specifically authorized by Congress without regard to any other statutory limitation on the amount that may be appropriated for such project.

In what sense is this vague to you?

Dr. BLEE. Mr. Chairman, I will call on Phillips to respond.

Mr. PHILLIPS. We are not sure as to just what type of projects are referred to here. We do have authority under Public Law 81-875 now to take care of all State projects even though they have some Federal funds involved in the construction.

Mr. WRIGHT. Do you have the authority to take care of them when they are under construction and not yet completed?

Dr. BLEE. We have authority to take care of them if the facilities are virtually complete if it can be expected to be in use in the very near future. This authority was interpreted by the Comptroller General that a facility which is not complete at the time that the disaster strikes and not expected to be in operation for a considerable period of time is not within the purview of the act.

It depends on administrative interpretation as to whether the facility will not be in operation for a considerable period of time.

Mr. WRIGHT. I wonder what is a considerable period of time?

Mr. MERKER. Mr. Chairman, that would depend on facts and circumstances of the particular case as it comes up. Our approach has always been a liberal one, but the law has been interpreted by the Comptroller General to limit us to those facilities which are in use or actually ready to be used and will not be in the form of construction for a considerable period of time.

Mr. WRIGHT. Yes. Now let us suppose that a project in the measure of a dam, waterway development, which requires a considerable period of time to complete—perhaps 5 or 6 years in some cases—were two-thirds complete, leaving maybe a year and a half before the completion date. Assuming construction had not been disrupted by a natural disaster, would this qualify as virtually complete or not?

Mr. MERKER. Since a considerable period of time would be involved, it would not be eligible.

Mr. WRIGHT. Would not be eligible?

Mr. MERKER. No.

Mr. WRIGHT. You think it should not be eligible?

Mr. MERKER. We would certainly give that serious consideration, but at the present time the program that we administer for emergency purposes does not consider that an eligible item.

Dr. BLEE. Mr. Chairman, this is among the several items to which Governor Bryant has directed us to study with the view that when we have the HUD studies and other materials at hand, we shall recommend such modifications to 81-875 as he then determines to be appropriate. And this is one of the items under consideration. Hence we could not express a conclusion at this time.

Mr. WRIGHT. Gentlemen, forgive my saying so, but you object to subsection A as being vague. It strikes me that your position is pretty vague.

Dr. BLEE. Yes, sir.

Mr. WRIGHT. It strikes me that your present authority is vague. It strikes me that your position on amending the authority is vague.

Dr. BLEE. We agree wholeheartedly, sir, that this legislation needs a thorough evaluation, and Governor Bryant is in the process of that currently, and we propose to come—when his conclusions have been reached—with very specific recommendations to the Congress.

Mr. WRIGHT. Now, on last July 22, which has been almost a year, the other body passed this bill presently before us. I think it was passed unanimously.

Was this not a signal to you that Congress was considering this matter? Does it take over a year to study this thing?

Mr. MERKER. Mr. Chairman, the assistance to be given in major disasters and in all disasters is something that was under very careful study by the Department of Housing and Urban Development; and we hope to gain information from that study which would permit us to make some definitive answers.

Mr. WRIGHT. Yes, the Department of Housing and Urban Development was directed by a law that passed and was signed last November to complete within not more than 9 months, I believe, a thoroughgoing study for the need for additional legislation and authorization and feasibility of particular insurance programs.

Now, I have seen a draft of what they are trying to put together, and it will be a comprehensive thing; but they are taking every last minute that we have given, and so they won't have it until the 30th day of the 9th month, presumably the 11th hour of the 30th day, which may be all right. It complies with the law.

When we get it, however, it is going to be a voluminous document. It is going to consist of several hundred typewritten pages. I hope and trust that it will not be what is commonly referred to as a "waffle" paper. I hope and trust it will be direct and specific and contain specific recommendations; but it would seem to me that with a year in which to know that the Congress was quite seriously considering enactment of legislation of this type, your agency which is primarily charged with the responsibility of directing emergency planning and health, might have come up with something a little more specific in these areas.

Please understand. I am not inimical to what you are doing. I think you are doing a wonderful job. I think the Office of Emergency Planning has done a magnificent job.

Congress, however, becomes frustrated from time to time in its efforts to approach these problems intelligently by the nature of those in the administrative levels of these various offices and departments not being specific and direct enough with us, I think.

Now you suggest that we hold open this legislation for the receipt of this report under preparation by the Department of Housing and Urban Development. Now suppose it comes to us sometime in August? If we are to give it study, careful evaluation that it would seem to merit, this would then consume a period of some days perhaps some weeks, on the part of this committee, perhaps putting off the reporting of any bill to the floor until September perhaps. What happens then? Suppose we adjourn on Labor Day? We have no legislation.

The other body indicated very strongly that it wanted a bill. It passed this bill unanimously on July 22 about a year ago. So that simply to delay and simply to study is not to answer a problem. I

think we have a fault as a government—I am sure we have some faults—our fault is that we tend to study problems to death. We have become so ensnared and superstructured by bureaucracy in studies that we don't get anything done sometimes in these areas.

This committee is weary. I don't mean to make your office the scapegoat of this legislation. It has no bearing on you. This committee is very, very weary with the slow processes by which the administrative arm of Government delays and delays reports to us on the waterway developments. It takes us 10 years and 8 months on an average from the time we have authorized and directed the Corps of Army Engineers to study a program on waterway development to bring its report before us: 10 years and 8 months. Many months are consumed, of course, in the field. Many months are consumed in the process of sending it back and forth to their division officers. They are sending it to the Chief of Engineers for study there, then sending it to the Board of Engineers for Rivers and Harbors, again to be studied. Then they send it to the Commerce Department, which seems to think that their responsibilities duplicate those which the Corps of Army Engineers have done. Commerce then makes a thoroughgoing economic evaluation of their own. Then the report winds through the offices of various other Federal agencies and finally gets to the Bureau of the Budget.

The Bureau of the Budget now seems to have gotten the idea that it is supposed to do all those things all over again that the Corps of Army Engineers and the Federal agencies have done.

So Congress is weary. We are a little tired.

I say again that does not apply to you or your agency in any way. I should not like to think that we are being asked to simply forgo any action on this legislation the other body has passed simply because we have not had a study. Would it not be all right to pass a bill and on the basis of those studies pass a substitute bill next year?

Dr. BLEE. Yes, sir. This was our advice, and I am sure the chairman and the committee will understand that we will respond as rapidly as we can to the action which the Congress sees fit to take. If that is the will of the Congress, it will certainly bring immediate response from us in its application.

Mr. WRIGHT. I understand. I did not mean to lecture you.

Dr. BLEE. We understand.

Mr. WRIGHT. Sometimes we get this bottled up inside—and someday when I come up to your office you can lecture me on what is wrong with Congress, Mr. Clausen?

Mr. CLAUSEN. Thank you, Mr. Chairman. I do want to take this opportunity to welcome you, Dr. Blee, to this committee. Thank you, and particularly to welcome these other very familiar faces before the committee because, as you know, I had three major disasters in my district. We got very well acquainted.

Pertinent to the comments that we—could I ask you this question? How long do you anticipate that it would take for you to complete your evaluation of the study that will be coming once it is submitted to you?

Mr. PHILLIPS. Based on the complexity of the report and the complexity of the subject, Congressman, it would take us several months to come up with something that we could recommend firmly and know

that this was the best thing. I am thinking primarily in the area of insurance versus cost sharing, which the President mentions, which Dr. Blee quoted in his statement.

I have not had a chance to see the report, and I cannot comment too precisely as a result of it.

Mr. CLAUSEN. So this relates principally to section 4——

Mr. PHILLIPS. It is my understanding that that report will be directed primarily to section 4 as I understood the assignment that that agency got——

Mr. CLAUSEN. As we understand it, of course, the report itself is supposed to have some sort of recommendations which I believe is pretty much commensurate with the closing parts of your statement, at least this is revealed in preliminary studies that I have had with the study.

Dr. BLEE. As the chairman of the committee will recognize, we will participate in the evaluation of those recommendations and determine any administrative position with respect to the study.

It will not take OEP an extended period of time to determine its position with respect to the recommendations.

Mr. CLAUSEN. On page 2 of your statement, I refer to the sentence "Federal assistance under the act supplements relief afforded by private, local, and State agencies." I am assuming that this is indicative of your philosophy and that you would support the fact that any legislation which we would report out would carry out this philosophy or sentiment.

Dr. BLEE. Yes; very clearly, sir.

Mr. CLAUSEN. You also say:

Types of assistance under Public Law 81-875 are: protective, health, and sanitation measures; debris clearance, repair or replacement of essential public facilities of State and local governments, and furnishing temporary housing.

I am wondering if planning should be added to this. In reading the act, I note that there is a certain amount of authority for the development of plans for coping with disasters. Do you really feel that you have sufficient or adequate authority? If I could state a couple of cases to possibly assist you in responding to my questions. I am concerned about communications. In some of these areas there is going to be a number of years before adequate flood protective works would be available to provide security and many of the people, of course, have gone back into that area rebuilt partially because of aid under existing law. Now I would like to see plans developed for so-called cattle and/or people evacuation, a plan of action, and I am wondering now does the OEP planning have sufficient authority to provide funds through the regular matching program to State and local communities for the purpose of developing this plan of action as I have recounted?

Mr. MERKER. We have certain planning authority under our law, and if we found that a particular kind of planning would be within that authority we would have the funds to do it. As to contributing on a matching fund basis to a State, that is another question, Mr. Congressman. I do not believe we have such authority at the present time.

Mr. CLAUSEN. Well does this require a declaration on the part of the President for instance to qualify for funds?

Mr. MERKER. If we have the authority to do particular planning, a disaster declaration by the President would not be necessary.

Mr. CLAUSEN. One other example. That example of course relates to floods. Another example is forest fires and grass fires which I commented on with previous witnesses. What I am concerned about is to establish a plan of action in cooperation with every other level of government whereby we would have on a standby basis in that fire zone sufficient equipment and a plan of action immediately after one of these spot fires breaks out so as to avoid a major disaster. This would possibly require aircraft on a contract or lease basis during that period so they are on a standby basis flexible enough to handle any adverse weather conditions that is at all possible so as to put out the fire rather than having to pay this exorbitant cost that has been spelled out in a disaster after the fire spreads. Now is it possible for us under the OEP planning program to have assistance that would assist these communities in developing this type of plan of action?

Mr. MERKER. Mr. Clausen, the scope of our planning authority and particularly with regard to specific cases like that that you mentioned is now one of the items we are considering very seriously for our legislative program.

Mr. CLAUSEN. I certainly hope that you will, sir. As a matter of fact, I make this request now that when you move in that particular direction I would like to have a chance to go over some of your recommendations to see whether or not they fit existing situations. I am sure that the chairman from Texas and myself and the whole committee would because he certainly was out in these fire areas along with me and other members of the committee.

Dr. BLEE. We would find an opportunity to do that very beneficial, sir.

Mr. CLAUSEN. Yes, sir. I just do not think it is necessary with modern technological advances in communications and particularly airborne firefighting equipment that we should not have the best plan available. We will save a lot of money if we do this.

Now you have devoted a fair amount of your testimony to your concern over section 4 and you say that it would not be inappropriate for me to comment on this section of the bill. It appears that you are suggesting that it would be inappropriate for us to legislate. Is this the position of the emergency planning administration?

Mr. MERKER. Mr. Clausen, as you may recall the substance of section 4 was something which we transmitted to the Senate committee at the time of the hearings. It seemed at that time to be a good approach to take, but with the HUD study about to be completed, we merely suggest that it might be well for us to analyze that study to see whether the suggestions we made at that time would still be just as good.

Mr. CLAUSEN. Well I think, of course, that a number of us are inclined to recognize the fact that we should certainly evaluate the study that we have asked for. However, there is also the problem we have facing us throughout the country, and that is the coming winter months and the closing of the congressional session. I do not know what else you have on your agenda but I would agree with what the gentleman from Texas has said. I would certainly hope we could accelerate the attention on the part of your department to that par-

ticular section because there is no doubt but what section 4 or the objectives of section 4 are probably the most important in this particular piece of legislation. When do you think that the report could be submitted to the Congress following your evaluation and the filing of the report by the HHFA?

Mr. MERKER. Mr. Clausen, that would be coordinated by the Bureau of the Budget and we would not be in a position to control that. Our comments, however, would be expedited.

Mr. CLAUSEN. All right. I am sorry, Mr. Chairman, for asking this number of questions but—

Mr. WRIGHT. That is quite all right, Mr. Clausen.

Mr. CLAUSEN. Since the report will relate to assistance for individuals, I assume that it is section 4 of S. 1861 which you would recommend holding up action on. Is this correct?

Mr. MERKER. I am sorry. I did not get that question.

Mr. CLAUSEN. Since the report will relate to assistance for individuals, I assume that it is section 4 of S. 1861 which you recommend holding up action on. Is this correct?

Mr. MERKER. That is primarily the section, sir; that is correct.

Mr. CLAUSEN. Is there any reason for holding up action on other sections of this bill other than section 4 pending receipt of the report?

Mr. MERKER. Without having seen the report, sir, I cannot answer that question. There may be elements in the report which would be useful in connection with other sections and I think there would be.

Mr. CLAUSEN. What specific items are included in such advance planning for the development plans in local communities to cope with disasters when they strike? Now this is following what I was talking about earlier. And what information is obtained in catalog and what procedures are outlined for implementation when disasters strike?

Mr. PHILLIPS. We have instructions to the other Federal agencies, to State and local governments, and we foster the development of plans in the States and on the part of local government. We find in those areas where there tend to be more disasters than others that the plans are well developed, well implemented, and the response of State and local governments as well as the Federal agencies is rapid and effective. Where we run into some trouble is where you encounter a disaster of a type that has not occurred in 50 or 100 years and it is a little difficult to plan for it in detail all over the United States. So we do have this sort of problem to which we are giving more attention to be sure that we are covering those areas where something might happen more often than it has in the past.

Mr. CLAUSEN. So, from your comments you tend to agree with me that there is a great deal of opportunity to expand our efforts in the field of planning.

Mr. PHILLIPS. I feel that our present planning has been effective, but I certainly would agree with the Congressman that we should not give up our efforts to improve it steadily over the years as we go along.

Mr. CLAUSEN. Well I would hope particularly in the areas that I have outlined previously that we could move into these chronic areas where disasters strike and you are going to participate in almost as regularly as the sun comes up in the morning.

Mr. PHILLIPS. We have instructed our field offices, Mr. Clausen, on a seasonal basis—for example, currently in the East and Southeast to hold meetings and review our plans for handling hurricane situations. We ought to have a meeting in California in October or November for the same purpose to look the situation over because we know the seasonality and the types of disasters in that area.

Mr. CLAUSEN. I will now give you an invitation to come to California and I will be sure to coordinate the program for you.

Mr. PHILLIPS. Thank you, sir.

Mr. CLAUSEN. Has any attempt been made and with what degree of success to obtain information on the sources and conditions of loans from private and governmental sources?

Mr. PHILLIPS. I am sorry. I didn't follow you, sir.

Mr. CLAUSEN. Has any attempt been made and to what degree of success to actively obtain information on the sources and conditions of loans from private and governmental sources?

Mr. PHILLIPS. We have not done anything in this area that I am acquainted with. Mr. Beal on my right is our director of disaster operations. Perhaps he can answer.

Mr. BEAL. No. We keep in close touch with the Small Business Administration and Farmers Home Administration and know what they are doing along that line. We keep in close touch with the Red Cross and know what they are doing.

Mr. CLAUSEN. Of course, we are principally concerned and I am sure this is one of the reasons that there may be 2,000 pages in this voluminous report—

Mr. WRIGHT. If the gentleman would yield, I have before me a memorandum which seeks to outline the extent of the coverage in the report and the number of pages suggested for each element. The total document if it follows the target guidelines may well total 2,200 typewritten pages. Now I would say that it is going to be quite obvious that the Congress could not analyze and evaluate each of the recommendations contained in this kind of a report adequately to produce legislation this year prior to the adjournment of Congress based upon that report. Therefore, pursuing the question asked by Mr. Clausen, I should think the appropriate thing for us to do if we want legislation in this session is to vote ourselves the type of legislation we can pass now and expect to go into the matter quite thoroughly next year in the next Congress based upon the findings of this report which we will not have until August.

Mr. CRAMER. If the gentleman will yield for a question, I have read your statement and in view of the situation relating to the study which is one of the major considerations, is it the opinion of the Office of Emergency Planning that legislation this year is needed and, if so, in what areas? Is there any legislation pending this year in the Senate?

Mr. PHILLIPS. We felt as the statement indicates, Congressman, that we ought to wait, hold these hearings open until such time as we get the benefit of this study and get a chance to submit a legislative program that we feel would meet the needs of the situation as we see them.

Mr. CRAMER. Assuming that it might be the judgment of the committee to withhold action on the insurance aspect or the private damage

aspect, in your opinion are there other needs in this emergency relief area that would necessitate action this year and, if so, what?

Mr. PHILLIPS. I would refer to Dr. Blee's statement, Mr. Cramer, and those sections that Dr. Blee commented on for Government action which we felt desirable at this time and I would think them to be desirable. Those where we had a question or a major concern or an objection to them we would still hold our present position, sir.

Mr. CRAMER. Analyzing your statement there is not much you approve of at this time or feel is essential in the field of disaster relief, and I feel you are reflecting the opinion of Governor Bryant.

Dr. BLEE. Yes, sir; we are. We have deferred, however, Mr. Cramer, to other Government units in force in a number of sections of the bill and our comments are not directed to any of those.

Mr. CLAUSEN. May I ask a question. I am a little bit amazed by the fact the Senate apparently passed this bill unanimously. Were you asked to come in and testify on this bill on the Senate side?

Dr. BLEE. Yes, sir.

Mr. MERKER. Yes, sir. We testified and submitted a written report to the Senate committee at that time and the bill was amended in some respects.

Mr. CLAUSEN. And did you offer similar objections?

Mr. MERKER. Yes, consistent with our objections now except with regard to section 4 where we actually submitted section 4, and we now ask that consideration be deferred on section 4.

Mr. CRAMER. If the gentleman will yield further on that, I gather that your testimony basically is that you do not think section 4 should be acted on now. Reading on page 4, you oppose section 5. You think the Department of Housing and Urban Development ought to comment on section 6. Section 7 you think Agriculture ought to testify on. Defense on section 8. And then on section 9 you believe the first paragraph is unnecessary. You want to delete section 10 as not necessary. Section 11, that Public Law 88-658 provided for emergency repair and replacement on a sliding scale. You think that is fair and equitable and you do not want that section. Section 12, priorities to applications, that is one you approve. So you approve one section, section 12. Section 13(a) is indefinite and you do not approve of that. Subsection (d), "OEP now has authority to make Federal financial assistance available for emergency repairs * * *." That is in present law and is adequate. So you do not want that. Section 14, to provide for the administration of Government programs in order to avoid duplication, you endorse it. So, out of the entire bill so far as OEP is concerned you endorse section 12 authorizing priorities to applications relating to public facilities and public housing, that there should not be any question about it and I agree with that, and section 14 providing administration of Government programs in a manner to avoid duplication which would be obvious. Is that essential though? Is that being done now? Is this language of section 14 necessary or what?

Mr. PHILLIPS. Under the present Public Law 875 we are required to use the existing public facilities of other agencies and not duplicate them. On the other hand, this is a broader, more general statement applicable I would say to the entire Government rather than applicable under Public Law 875. So it is a desirable thing. I see nothing wrong with it, sir.

Mr. CRAMER. Out of the entire bill if we took your position and that of Governor Bryant so far as you are concerned sections 12 and 14 would be the only ones which would justify action this year so far as those within your jurisdiction are concerned.

Dr. BLEE. Yes, sir; with respect to those sections on which we have commented, Mr. Cramer.

Mr. CRAMER. I understand that. I have eliminated those sections outside of your jurisdiction, sections 6, 7, and 8.

Dr. BLEE. That is correct, sir.

Mr. CRAMER. There would not be much of a bill. It would seem that would not necessitate emergency action this session as far as you are concerned.

Dr. BLEE. This is why we have recommended the committee hold it open for study in these other areas.

Mr. CLAUSEN. With regard to section 5, your department has indicated that it does not feel the authority is necessary. Now what is your experience that this is presently adequately provided for by private groups? Is that your reasoning?

Mr. PHILLIPS. No, sir. Under Public Law 875 we have been able to provide the emergency shelter and housing in every instance where it has been needed. We have that authority and it is a broad authority. We can rent houses. We can rent trailers. We can put them up in Government-owned housing. We can do everything that is necessary we believe to provide the shelter and housing for people. We are not permitted to purchase real estate and we do not feel we need to, and we feel that it would be an undesirable way of providing shelter on a temporary basis.

Mr. CLAUSEN. And your coordination with the Red Cross you feel adequately handles this then?

Mr. PHILLIPS. Yes, sir. The Red Cross provides the emergency shelter and we provide the long-range housing in terms of trailers. For example, in Topeka, Kans., now, we have authorized 250. In Betsy we authorized 1,809 trailers for the use of people.

Mr. CLAUSEN. Mr. Chairman, Mr. Skubitz, a member of our committee, had a conflicting committee assignment on his other committee and he has asked me to direct a couple questions to the witnesses. So if you would yield a little bit further for that purpose.

Mr. WRIGHT. Yes.

Mr. CLAUSEN. The witness has said they now have authority to repair and reconstruct facilities of junior colleges damaged by natural disasters. I might add Mr. Skubitz is from Kansas. Is this reconstruction of a temporary nature or can permanent facilities be constructed?

Dr. BLEE. The authority is for temporary facilities, sir; although there is another section of the bill which authorizes the Federal Government to participate with the responsible local governmental bodies to provide permanent facilities.

Mr. CLAUSEN. Actually you have the capability of offering a payment as I understand it in lieu of the amount you would provide for temporary repair or reconstruction for the building of an entirely new facility on a permanent basis.

Dr. BLEE. Yes, sir.

Mr. CLAUSEN. Is that under Public Law 81-875?

Dr. BLEE. Yes, sir.

Mr. CLAUSEN. This is similar to what we had in California.

Dr. BLEE. Yes, sir.

Mr. CLAUSEN. Relating to section 13, repair or reconstruction of projects, how could that be applied under the present subsection (a), for instance, to public power? That is included, is it not, in the definition in the legislation of projects, programs that would amend the present law, as I understand it, under section 6 would involve only those facilities owned by the United States. Is that not the status of the present law?

Mr. PHILLIPS. We can repair all facilities under the existing 81-875 that are State or locally owned facilities. We could not repair Federal facilities under the act. The act does not provide for that. This particular section refers to facilities which have been specifically authorized by act of Congress, and we just do not quite understand what facilities are involved or their financial relationship to the States.

Mr. CRAMER. As I understand it, the present law is that you can make both emergency repairs and temporary replacement of public facilities. Is that not correct?

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. And the implementation of that restrictive language led to the Education and Labor Committee coming out with a bill providing for actual total replacement and building of new facilities of equal value or nature which passed the Congress, did it not?

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. They, as a matter of fact, added administrative costs, did they not?

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. Then that is the status of that aspect relating to elementary and secondary schools.

Mr. PHILLIPS. If I might, Mr. Cramer, I would like to point out that when schools have been replaced under Public Law 81-875 they have been replaced in a very austere manner. They are a replacement—not a betterment, and they do provide a safe and usable facility and we so testified before the Congress prior to the passage of the act to which you refer.

Mr. CRAMER. Was it your feeling then that that action by Congress was necessary? Did you have adequate authority without it?

Mr. PHILLIPS. We felt we had adequate authority to make safe and usable facilities available but without betterments and without the administrative and maintenance over a period of time as provided in that act.

Mr. CRAMER. Then under present authority section 6 permits the agency involved to replace facilities destroyed by natural disaster. Is that right?

Mr. PHILLIPS. I am sorry——

Mr. CRAMER. Under the present law can Federal agencies restore (under sec. 6 of the present law) facilities destroyed by a major disaster?

Mr. PHILLIPS. Are you speaking of Federal facilities?

Mr. CRAMER. Yes.

Mr. PHILLIPS. Not under Public Law 81-875. They repair them under other legislation.

Mr. CRAMER. I am not talking about schools now. I am talking about all "facilities" section 6 of 875 reads: "If facilities owned by the United States are damaged or destroyed * * *."

Mr. PHILLIPS. Mr. Beal on my right can speak to that.

Mr. BEAL. You are talking about section 6 of Public Law 81-875. That section has never been used. The authority has not been delegated to an agency by the President by Executive order. Other parts of the law have been delegated but that section is not included. It has never been used.

Mr. CLAUSEN. Why, may I ask?

Mr. BEAL. Because I believe it generally unnecessary to authorize an agency to use any other funds it might have available or to use funds from the Disaster Act if the agency didn't have funds. They have always been able to make the repairs.

Mr. CLAUSEN. That seems to be a matter of budget.

Mr. BEAL. I think that is probably right.

Mr. CRAMER. The point I am getting at is there is already general authority to replace federally owned facilities and the President has refused to implement that by Executive order. Right?

Mr. BEAL. He has not delegated it to this agency.

Mr. CRAMER. Therefore there is no authority for any agency to make use of section 6.

Mr. BEAL. We can petition the President for it.

Mr. CRAMER. Has it ever been used?

Mr. BEAL. No; it has not.

Mr. CRAMER. And this became part of the law in 1950?

Mr. BEAL. In 1950, yes. There were several attempts made if you want me—

Mr. CRAMER. Could you give me an example?

Mr. BEAL. The Alaska Railroad.

Mr. CRAMER. What happened?

Mr. BEAL. Which is owned by the Department of the Interior. It was decided to go to Congress and get the money on a separate action.

Mr. CRAMER. And that was the Alaska earthquake disaster a few years ago, right?

Mr. BEAL. That was the earthquake; yes. Another time there was an earthquake in the vicinity of the Yellowstone National Park and there was damage in the park, and an attempt was made to obtain some help and we decided to get it otherwise.

Mr. CRAMER. The obvious question I am getting at is that if there is authority already for facilities owned by the United States to be restored and replaced, why is section 13 needed? Why is section 13(b) needed? It is already in the law, is it not, as section 13(a)?

Mr. BEAL. Well it hasn't been implemented.

Mr. CRAMER. I understand that. What good would it do to pass another law? You would not be able to implement it either.

Dr. BLEE. We do not recommend that, sir.

Mr. CRAMER. I understand that. I would like to get an opinion from you as an administrative agency. Is it not true that the authority to replace federally owned facilities is presently existing in the law under section 6 of Public Law 875?

Mr. BEAL. I think that is right, sir.

Mr. CRAMER. Why would section 13(a) be needed?

Mr. WRIGHT. Would the gentleman yield?

Mr. CRAMER. If the President already has that authority in the executive branch of the Government and has not implemented it, he could refuse to implement it in section 13(a) too.

Mr. WRIGHT. I think there is a distinction in the obligation provided in 13(a) of the bill from that which presently exists in section 6 as was earlier discussed that permits assistance for partially completed projects. As far as I can see that is the only new thing.

Mr. CRAMER. Well, section 6 of the present law says if facilities owned by the United States are damaged or destroyed in any major disaster and the Federal agency having jurisdiction lacks the authority to repair, reconstruct, or restore, the Federal agency is authorized to restore it. Is not it true that that could be construed to include partially constructed facilities or facilities owned by the United States?

Mr. MERKER. Mr. Cramer, we have never had that construed. We have had our reconstruction of facilities of State and local governments construed by the Comptroller General and we received a Comptroller's decision to the contrary.

Mr. CRAMER. Well there are instances in which the facility's title has not passed to the government agency in that it has not been completed by the present private enterprise contractor. That is the basis for that; is it not?

Mr. MERKER. And in addition, even if it had passed, even if a community were doing the constructing, and the construction was not completed and a considerable period of time would be necessary for completion, that would not be an eligible item under the law.

Mr. CRAMER. Well, then to accomplish what allegedly is intended to be accomplished as the chairman indicates, another alternative would be a similar amendment to section 6 providing that facilities shall be defined as facilities under construction as well as those completed; would it not? Why write a whole new section? That is what I am asking. Why specifically define certain things to be reconstructed and eliminate certain other things that are federally owned?

Mr. MERKER. That would make it explicit.

Mr. CRAMER. Why does it make sense to try to spell out specific facilities and eliminate others when you have a broad general item in existence in section 6 for all federally owned facilities?

Mr. MERKER. That would be another approach, sir, certainly.

Mr. CRAMER. I just do not quite understand why they want to eliminate the authority to specifically define projects for flood control, navigation, irrigation, reclamation, public power, sewage, and water treatment watershed development or airports. There are numerous other facilities owned by the United States that would be eliminated in effect in section 13(a), would they not? What sense would it make to do it in that way when you already have broad language in section 6 for other projects?

Mr. MERKER. By specific inclusion we may be excluding some.

Mr. CRAMER. I just have one other area that has been of interest to me for some time. Do you have authority now and have you exercised

it for instances of tornado damage such as happened in Kansas and other lesser tornadoes in other places?

Mr. MERKER. That is the basis for the declaration of a major disaster under our law.

Mr. CRAMER. I understand that. But in applying the declaration what standard do you use? You have a certain dollar standard, have you not, before a major declaration is triggered?

Mr. PHILLIPS. We do not have fixed criteria in relation to tornadoes as to which ones we would recommend to the President be declared a major disaster. They are done on the basis of the severity and magnitude and the impact on the community.

Mr. CRAMER. All right, that is the language of the present legislation "severity and magnitude." As determined by whom?

Mr. PHILLIPS. As determined by the President on the basis of recommendations from the Director.

Mr. CRAMER. All right. We are talking about needed amendments of the basic law. Maybe this is an area where clarification may be justified. How is it presently applied, for instance dollar value relating to "sufficient severity and magnitude to warrant disaster assistance"?

Mr. PHILLIPS. Maybe I can best explain that by citing some of the examples which have been declared and some which have not been declared.

Mr. CRAMER. Before you get into that, I have been informed that if the disaster of a public nature is less than a certain amount of money that generally it is not even considered as a disaster.

Mr. PHILLIPS. We consider all disasters if requested by the Governor of a State to do so and we do not have a fixed value on it. The tornado that hit Topeka was obviously of tremendous severity and magnitude and the President declared it a major disaster as he did the tornadoes which hit the Middle West on Palm Sunday a year ago. There are numerous tornadoes with most of them in open country doing relatively little damage.

Mr. CRAMER. We had a tornado rip through the west coast of Florida recently and as a matter of fact it was not declared a natural disaster. Now why?

Mr. PHILLIPS. In that instance most of the damage was to private property and was covered by wind damage insurance, and, therefore, the impact, although it might have been traumatic at the instance, the financial impact was not as severe as might have been expected. Also in that case some of the damage was agricultural damage which was eligible for help under specific authorities of the Department of Agriculture.

Mr. CRAMER. Now you did declare the Topeka, Kans., area a natural disaster; is that right.

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. I have been informed informally—I would not say by whom—that there was a yardstick of minimum damage applied generally in taking a first look at a disaster to determine offhand as to whether or not there was any reason to consider further. Is that true?

Mr. PHILLIPS. There is no such fixed yardstick.

Mr. CRAMER. The rule is what?

Mr. PHILLIPS. Based on the request of a Governor and based on a survey of the situation.

Mr. CRAMER. Assuming there has been a request and been a survey and you end up with x dollars damage total and then x dollars damage publicly subject to reimbursement, what rule of thumb do you use?

Mr. PHILLIPS. We analyze the situation to determine the basic impact of the situation and if there is extensive public damage, if there is extensive public damage not covered by insurance the Director would recommend it as he did in the case of Kansas.

Mr. CRAMER. What is the status of substantial damage? That is what I want to know.

Mr. PHILLIPS. I think substantial damage is relative. Certainly in a small State a disaster of x magnitude could be considered to be more traumatic and more severe than it would be in the States of New York or California.

Mr. CRAMER. That is precisely the point I am getting at. The same damage in New York would not be as "substantial" as damage in Iowa.

Mr. PHILLIPS. This is reflected in the requests of the Governors. We find that the Governors of the larger States do not normally make requests for x dollars where a State with a much smaller population, smaller income with x damage would request it.

Mr. CRAMER. Then "the ability" of the local community and State government to make these repairs themselves is one of the considerations.

Mr. PHILLIPS. I would think that would be a fair statement. And I would like to point out that Federal assistance under Public Law 81-875 is supplemental to State and local efforts. The act further specifies that the Governor of any State requesting a disaster declaration shall give assurance of a reasonable expenditure of funds on the part of the State and local governments concerned in connection with the disaster. This has been implemented by regulation to require that each State shall have expended a specified amount for disaster purposes in the 12 calendar months preceding the disaster, including expenditures for the disaster in question. The amounts range for the 11 smaller States, such as Alaska, Wyoming, Idaho, and Nevada, from \$350,000 to \$5 million for New York and California. You can see that the regulations recognize the relative abilities of States to handle disaster situations.

Mr. CRAMER. So the same damage in New York and Iowa could be reimbursable in Iowa but not in New York.

Mr. PHILLIPS. That is correct as to States with smaller resources compared with larger States.

Mr. CRAMER. And you make a recommendation, do you not, to the President?

Mr. PHILLIPS. The Director makes the recommendation.

Mr. CRAMER. You have to exercise your discretion in determining what is "substantial" and include the ability of the local community to take care of its own repairs.

Mr. PHILLIPS. Yes sir; and this is reflected in the requests we get from Governors.

Mr. CRAMER. That is all I have, Mr. Chairman.

Mr. WRIGHT. If there are no further questions, thank you very much.

We have a very few more minutes in the morning session. I would hope we might be able to hear from Mr. Robert Shea, the vice president of the American National Red Cross.

Mr. Shea, we would appreciate having your statement at this time.

STATEMENT OF ROBERT F. SHEA, VICE PRESIDENT, AMERICAN NATIONAL RED CROSS

Mr. SHEA. Mr. Chairman, members of the committee, we appreciate the opportunity to appear before the committee. I had the opportunity to appear before some of the members of this committee in their special hearings in New Orleans in relation to Hurricane Betsy.

We have been asked to do two things in our brief appearance here this morning. One is to review with the committee the Red Cross program of assistance to disaster sufferers and, second, to submit such comments as we might have on specific sections of the bill.

I would like to indicate to the committee in starting that the American Red Cross by tradition acting as it does as an instrumentality of the Government of the United States in disaster relief does not appear for or against any legislation under consideration by the Congress. We feel we are, in effect, an organization that represents the interest of the Congress in carrying out our responsibilities.

In 1905 we were established by a Federal statute as the official instrumentality of the Government of the United States to assist in discharging responsibilities assumed under international treaties. We were further expressly charged with the duty to carry on a system of national and international relief in time of peace and to apply the same in mitigating suffering caused by pestilence, famine, fire, floods, and other great national calamities and to devise and carry on measures for preventing the same.

During the years since the establishment of the American National Red Cross we have expended in the field of disaster relief in furtherance of this congressional mandate the sum of \$300 million on giving relief to victims of calamities to which the Nation has been subjected. All of these funds have been derived from the voluntary contributions of a generous American public. None has been provided through congressional appropriations.

Mr. CLAUSEN. Would the gentleman yield at this point?

Mr. SHEA. Yes, sir.

Mr. CLAUSEN. Just for my own information, does the Red Cross receive any funds from government at any level?

Mr. SHEA. Mr. Clausen, we enter into contracts with the U.S. Government through which we provide specific services and for which we are reimbursed. This does not intend to the program of disaster relief. If I might give you an example, we provide blood and blood products to various National Institutes of Health establishments for their work in research in the utilization of blood. The Government under a contract reimburses us for certain of our costs in connection with that.

Mr. CLAUSEN. As far as any form of government subsidy, your organization then does not receive any funds.

Mr. SHEA. No, sir; by tradition the American Red Cross does not. We have interpreted our responsibility under the congressional man-

date of providing assistance to individuals and families rather than that of restoring utilities or other public facilities normally maintained by or under the supervision of public authorities. Hence, no conflict has ever arisen between the American National Red Cross and other Federal agencies authorized to provide disaster relief. On the contrary, we have always enjoyed the close cooperation of other Federal agencies that have assisted communities stricken by disaster. The Congress and the executive branch have repeatedly noted the distinction between the activities of the agencies operating with funds appropriated or otherwise made available by Congress and those carried out by the American Red Cross with funds voluntarily contributed. For instance, in terms of Public Law 875, approved September 30, 1950, authorizing Federal assistance in major disasters, makes provision for the closest cooperation between the American National Red Cross and Federal agencies utilizing appropriated funds and are careful to distinguish their functions and authority. Section 4 of that statute reads as follows:

In providing such assistance hereunder, Federal agencies shall cooperate to the fullest extent possible with each other and with States and local governments, relief agencies, and the American National Red Cross, but nothing contained in this Act shall be construed to limit or in any way affect the responsibilities of the American National Red Cross under Chapter I of Title 36.

Agreements have been entered into between the Office of Emergency Planning and the American National Red Cross to implement the provisions of Public Law 875. These have carefully spelled out operating details to insure maximum coordination and cooperation. At the same time, they have recognized the essentially different categories of disaster relief assistance provided by the Red Cross and agencies of the Government operating with appropriated funds. The Red Cross has agreements or understandings and close working relationships with such Federal agencies as the Small Business Administration, the Farmers Home Administration, the Post Office Department, the Public Health Service, the Environmental Science Services Administration, and others responsible for emergency measures. Military regulations provide for military support for Red Cross disaster relief efforts, with the Red Cross reimbursing the military for certain costs involved.

Immediately following a disaster, the Red Cross provides assistance for all disaster-affected persons who are in need. Shelters are provided for those whose homes are untenable; food and clothing, medical and nursing care are provided as required. While assistance in the first few hours or days following a disaster is often the most dramatic and is always recognizable, the major Red Cross job following a disaster may include food, clothing, rent, etc.; the repair or rebuilding of owner-occupied homes, or other buildings; provision of essential household furnishings as well as occupational supplies, tools and equipment, and medical and nursing care.

During the period from March 1, 1964, to April 12, 1966, there were 16 disaster operations in which Red Cross relief expenditures for each operation exceeded \$200,000 or more; an additional 639 disaster relief operations, domestic and foreign, ranging in cost from a few hundred dollars to approximately \$200,000, brought total Red Cross disaster relief expenditures for the same period to \$40,814,300 in relief. In

addition, during this same period there were approximately 24,000 neighborhood or otherwise localized disaster incidents at which Red Cross chapters provided emergency assistance of some kind.

In providing disaster assistance, the Red Cross gives immediate help on the basis of stated need of the families. That is, during the emergency period there are no questions asked from anyone who needs help from the Red Cross. However, in the period following the emergency as families can begin to plan for their own recovery each family's needs are dealt with on an individual family basis.

It is important to note that the Red Cross makes no attempt to replace all disaster-caused losses. It only provides the assistance to bridge the gap between what the families need as the result of the disaster and what they can do for themselves by utilizing resources available to them. It is also important to emphasize that this assistance is not a loan, but is an outright grant through the Red Cross by the American people, who have given their voluntary contributions for this purpose. Our analysis of major disaster relief operations which have occurred in recent years indicates that there are no significant numbers of families whose essential disaster-caused needs have not been met by the Red Cross and other existing resources.

When the Red Cross talks about families "utilizing resources available to them," this may mean insurance, credit (for SBA or FHA loans, for example), family labor and available funds, all of which the family utilize in the American tradition of helping oneself insofar as possible. Over the years these resources have changed, and in many areas they have increased. Homeowners Comprehensive Insurance, for example, has become an increasing resource to families in tornado disasters, so that families may help themselves by procuring such protection against the losses of disaster.

However, there are risks against which no insurance is available at practical rates. These include floods and hurricane storm tides or storm-caused floods, and, in many parts of the country, earthquakes. During the period from August 1955, when the great Eastern States floods occurred, through 1965, 1,005,815 families suffered some degree of loss as the result of floods of all kinds. During this same period, the American Red Cross spent \$95,745,100 to provide assistance to such families. During this same period, agencies such as the SBA and the FHA have made extensive disaster loans to many families suffering flood losses, but it is recognized that not all disaster victims are eligible for or can afford to carry such loans, even with the special forgiveness feature voted by Congress for victims of Hurricane Betsy in 1965. On the other hand, following the Palm Sunday tornadoes of 1965, for example, it was found that upwards of 90 percent of the homeowners affected had substantial insurance coverage to compensate them for their losses.

As respects the specific sections of the bill, as I have indicated our organization is not inclined to submit comments or recommendations. Many sections deal with matters which the Red Cross has no competence to appraise. Furthermore in keeping with Red Cross policy not to attempt to influence the course of legislation not bearing directly on congressionally authorized activities of the Red Cross, we present no recommendations on the bill. However, we assure the committee that the American National Red Cross will welcome any measure

which will lessen human suffering caused by disasters. In addition, we shall willingly and promptly adjust our program to take account of any new disaster relief measures that may be adopted by the Congress. And we shall continue to cooperate wholeheartedly with all public agencies in programs designed to alleviate disaster-caused suffering.

Mr. WRIGHT. Mr. Shea, we want to thank you for a very excellent statement. Are there any questions?

Mr. CLAUSEN. Mr. Shea, in behalf of the State of California we want to extend our personal thanks for all the assistance your organization has given in the disasters out there and I want to thank you personally at this time.

Mr. SHEA. Thank you, sir.

Mr. CLAUSEN. When you refer in your statement to the repair or rebuilding of owner-occupied homes, could you spell out what you mean by "owner-occupied"? What I am asking for I guess is to determine whether or not only an individual who owns his home has aid available to him or what about the fellow who has a long-term lease on a farm that includes some of the buildings? Does he receive any aid or does the fellow who owns the property receive the aid?

Mr. SHEA. The general program is directed toward the owner-occupied property. Now there are individual instances in which Red Cross help might be available for someone other than the owner under circumstances such as a long-term lease. But the great preponderance of assistance is toward the owner-occupied home. We do, however, render assistance to the renter. The assistance, however, would not in that case by and large include the buildings themselves. We would help them with household furnishings. We would help them with occupational supplies and equipment, but probably not with the home except under unusual circumstances.

Mr. CLAUSEN. You also say that your assistance follows the American tradition of helping oneself insofar as possible. To what extent would this apply? Are they required effectively to be stripped of all their resources prior to receiving aid?

Mr. SHEA. No, sir; and I might use an example in answering that question. In Hurricane Betsy in the city of New Orleans in St. Bernard Parish which adjoins Orleans Parish there were two very large developments badly shattered by that disaster. The families in this area are middle-income families—not low-income families but middle-income families. They are primarily young people with growing children. We rendered assistance to thousands of these families because of the very situation of the family. They have a house that is on a heavy mortgage. They have a mortgage on the furniture. They had a mortgage on the car. Most of their available cash resources and income was already precommitted to preexisting indebtedness. Those families could not have recovered without some assistance from the Red Cross. We do provide that assistance.

Mr. Congressman, if I may, we have analyzed in recent years the income levels to whom our assistance goes and we find that they go to the low- and middle-income families. They do not go to the substantial family economically but they do go to the low- and middle-income family.

Mr. CLAUSEN. One of the things that I think sometimes may be a little difficult for people in a given area that are similarly affected is that the people who are in effect desperate receive assistance but the individual who has been somewhat thrifty throughout the years but is almost next door receives similar damage sometimes does not receive a proportionate amount of aid. The question has been put to me it just does not seem as though it is proper under modern-day circumstances to be thrifty and save and provide for your own reserve because if you have a disaster your neighbor, if he is desperate and poverty stricken, receives assistance and you do not.

Mr. SHEA. Congressman, of course it is extremely difficult to give funds in a disaster situation. In order to do so we have to plan very carefully with the family and in that planning we do become aware of the total resources available to that family. To give you an example, we have in every disaster many elderly clients, families where they are beyond their income-producing years. They do have some resources which thrift has produced. We do not strip them of those resources in giving assistance. We do attempt to recognize on an individual basis. Now we have never been successful in my knowledge and in my experience in convincing a community at large that we were fair totally in extending disaster assistance because in very many cases we are aware of family resources that the community at large would not be aware of. This inevitably results in some cases where the community will say why didn't they help that family when they helped this family? All we can say is that if we have an opportunity to we would like to sit down and review that individual case with the person who has a question, a responsible person, and I think we could demonstrate that there were factors in the case, resources beyond what the community probably thought existed. But we certainly wholeheartedly support the thrift principle and we do not strip families of resources in meeting their disaster caused needs.

Mr. CLAUSEN. Would this apply only to the aged or would this apply to other age levels?

Mr. SHEA. It applies to all age levels. Many of the families in Hurricane Betsy had some money in the bank. But in terms of their human responsibilities, children and so on, that was a meager protection against any other emergency that would strike the family.

Mr. CLAUSEN. There is one thing that came to my attention that was a bit disturbing to me. As you know, I think it is generally wise to take whatever steps are possible to relocate people out of these flood plain zones, and yet I found in certain cases where the Red Cross and other agencies were actually, and I am sure this is true of the Federal Government and their agencies, were actually providing assistance for them to move back into the same situation. I am wondering from an administrative point of view whether or not you have a policy where you try to encourage them to leave that area during your consultation period.

Mr. SHEA. We do. Where it is practical to relocate the family we do encourage the family to relocate. Many of the families affected by the Alaskan earthquake, as an example, where their home was situated in a very dangerous area we relocated many of those families as a matter of fact in the other States of the United States and our assistance is given to them. On the other hand, if no organized public plan for

relocation is in operation and the family determines that they shall go back into this area, our assistance still we believe has to be available to that family.

Mr. CLAUSEN. Well this again points out or I should say emphasizes the point I made a moment ago of the overwhelming need for getting all of this planning, because this seems to be very lacking, so as to avoid just spending bad money.

Mr. SHEA. Yes, sir.

Mr. CLAUSEN. Now I have a couple of other questions. The provisions of S. 1861 will aid almost entirely in cases where the President has determined that a major disaster has occurred. I know that a great deal of hardship and suffering has resulted from natural disasters which were not of sufficient magnitude to be classed as a major disaster. Can you give us a comparison between the number of disasters determined to be major disasters in 875 and the number of lesser disasters where the Red Cross has been called upon to give assistance?

Mr. SHEA. Mr. Congressman, the Red Cross, of course, moves into operation at the onset of any disaster even if it is a neighborhood disaster incident, and as I have indicated in a 2-year period we had 639 disaster operations. During that same period there would have been less than 40 Presidential declarations of disaster. You might be interested to know that we refer to a disaster in the Red Cross when it affects five or more families. We refer to them as disaster incidents if it affects under five families.

Mr. CLAUSEN. Said bill 1861 would establish a program of Federal grants to aid persons damaged by a major disaster. The Federal Flood Insurance Act of 1956 was enacted but it has actually never been funded by any of the appropriations committees. Would you give us your views as to the relative merits of an insurance program versus a grant program.

Mr. SHEA. Well, if I may, Mr. Congressman, I would like to respond affirmatively to the insurance program rather than to relate it to another type of program. In my observations on disasters, and I have been on the scene of each of the 16 major disasters that I referred to earlier, the greatest single lack in flood disasters is the lack of availability of practical flood insurance, and from our observation there any action taken to provide an opportunity for Americans to protect themselves by building reserves against catastrophe in flood disasters is something that we would look forward to.

Mr. CLAUSEN. Well will this affect the overall American Red Cross recovery programs and assistance programs? Because if we have shall we say a subsidized insurance program, certainly this would cut down substantially the cash requirements on the part of the Red Cross, would it not?

Mr. SHEA. But if I may use Hurricane Betsy as an example. In Hurricane Betsy the American Red Cross assisted 35,000 families. The special features of the Southeast Hurricane Disaster Relief Act of 1965, the Hurricane Betsy Act, providing for a liberal loan program through the Small Business Administration and the Farmers Home Administration in effect picked up some of the gap of resources that would have been available had there been flood insurance. It obviously had an effect upon the level of Red Cross expenditures. But we still expended in that disaster \$17,800,000. We do know that

in tornado disasters the existence of the comprehensive homeowners insurance has had a marked effect on the requirements for assistance on the part of the Red Cross in recovery in the Topeka disaster that has been referred to this morning. We have approximately 1,600 families out of some 5,500 affected who have registered with us for recovery assistance. Were there no adequate insurance provisions that percent would have been probably at least half of the affected families if not higher.

Mr. CLAUSEN. Then I gather from your testimony even if we were to develop an adequate flood insurance program there would still be substantial requirements on the part of the American Red Cross and other volunteer organizations.

Mr. SHEA. I am sure there would be, Mr. Congressman.

Mr. CLAUSEN. Because I think most of us are generally concerned about stifling the initiative on the part of our great many volunteer organizations by rushing too rapidly into adopting the Federal grant concept. Do you share this concern?

Mr. SHEA. Well as a representative of the American National Red Cross, Congressman, I could not officially comment. As an individual who has been in the field of disaster relief for nearly a quarter of a century and has seen what the American people through their generosity through this organization can do, I would deplore any action that would in any way mitigate against the American initiative. In Hurricane Betsy we had 10,000 Louisiana citizens that came out and under the flag of the Red Cross gave their assistance to other people, their friends and neighbors. We obviously are interested in encouraging that kind of voluntary response to people in need.

Mr. CLAUSEN. If the Federal Government ever got into the grant business in that field, would you not agree that there would be quite a substantial price tag if we were to stifle the initiative of all of the various volunteer organizations now handling much of this relief?

Mr. SHEA. Well I don't know that I would be in a position to authoritatively comment on that, Congress. We favor anything that enhances the initiative of the American people.

Mr. CLAUSEN. Does anyone else have some questions? I would like to yield to my colleagues for a moment.

Mr. KUNKEL. I would like to comment, Mr. Shea, on your splendid statement and also to congratulate you that you very carefully kept the Red Cross out of politics. That is all.

Mr. CLAUSEN. What percentage of people in natural disasters ask for Red Cross rehabilitation assistance of those affected?

Mr. SHEA. In flood disasters the percent of affected families will run between 35 to 45 percent. In tornado disasters on the other hand, because of the existence of comprehensive insurance, our percent will be down considerably from that and we will run from 10 to 25 percent of affected families who require Red Cross help. This is in the recovery period. In the emergency the assistance is available for all people.

Mr. CLAUSEN. What percent are helped by grants for refurnishing or reconstructing their homes?

Mr. SHEA. Of the families who register with us the range of homeowners varies considerably. But, as an example, in the Topeka disaster homeownership in the affected area was remarkably low, and of the

1,600 families only about 40 percent of those families owned their own homes. They would be receiving assistance with some aspect of the repair or rebuilding of the home. Most of the 1,600 families will be receiving some assistance in household furnishings.

Mr. CLAUSEN. What is the duration of payment of rent when you grant this assistance? Is it 4 weeks, 8 weeks, 3 months, or what?

Mr. SHEA. It depends on the individual situation whether as a result of the disaster the family is unemployed as an example. We will provide maintenance for whatever is a reasonable period until the family is able to establish its own maintenance plan.

Mr. CLAUSEN. In certain cases, as I understand it, you have actually built a complete home for people who have been wiped out.

Mr. SHEA. Yes, sir; we have.

Mr. CLAUSEN. What is your opinion of section 4 of this particular bill? How many people would it help who do not presently receive help from the Red Cross?

Mr. SHEA. I would prefer, Mr. Congressman, not to comment on the specific provisions of this bill. The Red Cross assistance is available to all who need it.

Mr. CLAUSEN. Have you offered any of your comments to the people responsible for carrying out the study in the Housing and Home Finance Agency?

Mr. SHEA. Yes, sir. We have provided a great deal of information to that Agency and to the Office of Emergency Planning and to others who have an interest in this field in terms of our actual experience, because we have quite a background of facts in terms of the families affected, their economic level, what their needs were, and what their resources were in meeting those needs.

Mr. CLAUSEN. So that you probably supplied information relating to the amount of assistance you have given throughout the country and you feel that your exchange of information with the people conducting the study has adequately presented the Red Cross story that will ultimately be included in the report that will come here to this committee.

Mr. SHEA. I believe the questions they have asked and the information we have provided does give us a sound body of information on the role of the Red Cross in disaster, yes sir.

Mr. CLAUSEN. Then in a general summary, sir, based upon your familiarity with existing programs, what area do we need to legislate in?

Mr. SHEA. Again, as an organization that does not in any way attempt to influence legislation, I had hoped to confine my statement this morning to bring out the fact that the gap in coverage in the disasters in which the Red Cross engages, and that is all disasters, is the inability of a person to procure insurance at practical rates for certain kinds of disaster situations.

Mr. CLAUSEN. And, of course, the principal problem for that person who is affected in his inability to make immediate plans because of a lack of funds.

Mr. SHEA. Yes, sir.

Mr. CLAUSEN. I know one of the greatest problems we had out there in all of our disasters was that people simply could not make their plans because they had promises of help and there was some optimism

they might have some help, but they really could not make their plans and as a result many of them simply had to leave an area and seek other employment, and I submit we need to have that assistance which can only be made available through a proper insurance program. Is there a need for a Federal grant program as in section 4 or can the Red Cross and other organizations meet the need of individuals?

Mr. SHEA. Mr. Congressman, the American National Red Cross will meet the disaster-caused needs, not losses, but the disaster-caused needs of any families affected by disaster. I again would prefer not to comment on any specific section of the bill.

Mr. CLAUSEN. What is the average of grants given to a family by the Red Cross during the past few years?

Mr. SHEA. It will vary by disaster. In a tornado disaster the average assistance would run \$400 to \$600. In a flood disaster where there is no insurance availability the average expenditure per case will come close to \$1,000.

Mr. CLAUSEN. What is the maximum amount?

Mr. SHEA. There is no maximum. We have many cases in which there may be as much as \$15,000 to \$20,000 to \$25,000 involved, particularly where there are medical factors in the case or where there is a lack of income-producing members in the family. On the other hand it may range down to a small bit of essential household furnishings.

Mr. CLAUSEN. So that you would set the higher figure based on your experience has been about \$25,000.

Mr. SHEA. Yes, sir.

Mr. CLAUSEN. And that included possibly the rebuilding of a home.

Mr. SHEA. Yes, sir.

Mr. CLAUSEN. I want to thank you very much for your very courteous responses to my questions.

Mr. SHEA. Mr. Clausen, it is a pleasure to meet you again. I think you and I met during the early days of the December floods out there.

Mr. CLAUSEN. Yes, sir.

Mr. KEE (assuming the chair). Are there any other questions?

(No response.)

Mr. KEE. I want on behalf of the members to thank you for coming, and again express the appreciation of the folks of my congressional district in southern West Virginia and the surrounding areas for the outstanding service that you performed on the Southern Fork of the Ohio Basin in our floods of 1957, 1962, and 1963. It was really a warm feeling to see the effective work which your representatives did to help those folks when they were in need. I just wanted to thank you very much.

Mr. SHEA. Thank you, Mr. Chairman.

Mr. KEE. The next witness is Dr. Robert White, Administrator of the Environment Science Services Administration. We have a quorum call on the floor. You may submit your statement to the committee for the record and make a brief statement on what you have to present. Particularly I understand an important part of your coverage is on section 8(a). Am I correct?

Dr. WHITE. That is correct, Mr. Chairman.

STATEMENT OF ROBERT M. WHITE, ADMINISTRATOR, ENVIRONMENTAL SCIENCE SERVICES ADMINISTRATION; ACCOMPANIED BY ROBERT B. ELLERT, OFFICE OF GENERAL COUNSEL, AND PAUL H. KUTSCHENREUTER, DIRECTOR, OFFICE OF USER AFFAIRS, DEPARTMENT OF COMMERCE

Dr. WHITE. Mr. Chairman, I would like to introduce Mr. Robert Ellert of the General Counsel's Office of the Department of Commerce, and Mr. Paul Kutschenreuter, Director of the Office of User Affairs.

I do have a statement, Mr. Chairman. I will not read it but submit it for the record and point to the pertinent points I wish to make which refer to section 8 of the proposed legislation.

(A proposed nationwide natural disaster warning system (nadrwarn) report with background information, can be found in committee files.)

(The statement referred to is as follows:)

STATEMENT BY DR. ROBERT M. WHITE, ADMINISTRATOR, ENVIRONMENTAL SCIENCE SERVICES ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. Chairman, I sincerely appreciate this opportunity to testify on behalf of the Department of Commerce on S. 1861, the proposed Disaster Relief Act.

Among the thirteen admirable and humane purposes of this bill, there is one which is of special interest and concern to the Environmental Science Services Administration. I refer, Mr. Chairman, to Section 8, entitled "Disaster Warnings," which reads as follows:

"Section 8. (a) The Secretary of Defense is authorized to utilize the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to Governmental authorities and the civilian population in areas endangered by imminent natural disasters.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a)."

The Organic Act which created the Weather Bureau (51st Congress, 1st Session 21, Part II, October 1, 1890) stated:

"The Chief of the Weather Bureau, under the direction of the Secretary of Agriculture, on and after July first, eighteen hundred and ninety one, shall be charged with the forecasting of the weather, the issue of storm warnings, the display of weather and flood signals for the benefit of agriculture commerce and navigation. . . ."

In 1940, when the Weather Bureau was transferred to the Department of Commerce, the "Duties of Chief of Bureau" (15 U.S.C. 313) again included ". . . the forecasting of the weather, the issue of storm warnings, the display of weather and flood signals. . . ."

Under Reorganization Plan No. 2 of 1965, the Weather Bureau and the Coast and Geodetic Survey of the Department of Commerce and the Central Radio Propagation Laboratory of the National Bureau of Standards were combined into the Environmental Science Services Administration on July 13, 1965. This provided ". . . a single national focus to describe, understand, and predict the state of the oceans, the state of the upper and lower atmosphere, and the size and shape of the earth." To the natural hazard warning responsibilities of the Weather Bureau were added those of the Coast and Geodetic Survey and the Central Radio Propagation Laboratory; within ESSA we now have warning responsibility for all natural environmental hazards, including the tsunamis of the Pacific and also radiation hazard warnings.

For seventy-five years, Mr. Chairman, the Weather Bureau has been charged with the responsibility for forecasting, issuing and displaying warnings. With advancing technology "the display of weather and flood signals" has progressed

from the initial display of signal flags to the use of modern communications methods for providing needed warning to governmental authorities and to the civilian population in areas endangered by imminent natural disasters.

We have recently prepared and are in the process of implementing a comprehensive Natural Disaster Warning Plan for the U.S. This plan is an outcome of a survey of the Palm Sunday (April 11, 1965) tornado disaster undertaken by a Weather Bureau team at my direction. The team determined, as have the sponsors of S. 1861, that communications—in the broadest sense of the word—represented the weakest link in the chain of warning responsibility. The report and recommendations were presented to the Secretary of Commerce in May of 1965. He accepted both the report and its recommendations, but directed that an interagency team be organized to conduct a comprehensive study of *all* natural hazards and develop a complete and integrated total natural hazard warning plan.

The second and more complete study was made by an interdepartmental group consisting of representatives of the Environmental Science Services Administration, Coast Guard, Army Corps of Engineers, Federal Communications Commission, Office of Civil Defense and Office of Emergency Planning. The Weather Bureau representative was the chairman of the Group.

As in the case of the earlier report, we determined that improved communications were an essential link in a total natural disaster warning plan. Accordingly, we recommended, among other things a communications system and plan which is capable of handling *all* natural disaster warnings.

Our report "A Proposed Nationwide Natural Disaster Warning (NADWARN) System" and its recommendations were studied and accepted by Secretary Connor. It was released by President Johnson on March 1, 1966. Included in the Commerce budget for Fiscal Year 1967 is \$7 million for implementation of half of Phase I of the proposed III-phase plan.

One of the expression goals of the NADWARN System is: "To make effective use of existing technology and of existing facilities of all participating government agencies." Among the "existing facilities" specifically mentioned is the civil defense communications system. Through the cooperation of the Director, Office of Civil Defense, those civil defense communications facilities which can be utilized are in the process of being made available to the Environmental Science Services Administration for the distribution of warnings in areas endangered by imminent natural disasters. Similarly, reciprocal arrangements have been made whereby the Environmental Science Services Administration communications facilities will be utilized for the distribution of Office of Civil Defense warnings in event of a nuclear attack.

Thus, the intent of Section 8(a) is already in process of being realized through the Department of Commerce Environmental Science Services Administration's use of the civil defense communications system in discharging its responsibility for distributing warnings "to governmental authorities and the civilian population in areas endangered by imminent natural disasters."

As the intent of Section 8(a) is already being realized by the Environmental Science Services Administration, it is recommended that Section 8 be deleted. If, however, your Committee determines that a provision for this purpose should be included in the bill, we urge that Section 8(a) be amended by deleting the word "utilize" and substituting therefore the words "make available to the Secretary of Commerce."

Dr. WHITE. The essential point, Mr. Chairman, is that since 1890 with the formation of the Weather Bureau the responsibility for preparing and issuing natural disaster warnings with respect to weather of course has been with the Chief of the Weather Bureau. With the Reorganization Plan No. 2 of the President of last year and with the formation of the Environmental Science Services Administration which now combines the Weather Bureau and the Coast and Geodetic Survey and the Central Radio Propagation Laboratory of the National Bureau of Standards, the organization now has the comprehensive responsibility for preparing and issuing all natural hazards warnings, not only including weather warnings but seismic sea wave warnings and other kinds of geophysical warnings.

Mr. CLAUSEN. Would the gentleman yield. Would that include draught warnings and flood warnings?

Dr. WHITE. Yes, sir. In connection with the formation of this organization and also triggered by the Palm Sunday tornadoes of last year, a survey was conducted at my request of the performance of the tornado warning system in that situation. This was presented to the Secretary of Commerce, who then requested us, in conjunction with the other Federal agencies involved in natural disasters, to prepare a comprehensive plan which we have done and which has been released by the President. This is the Nationwide Natural Disaster Warning System plan, and we have provided copies of this proposed system to the members of the committee, which seeks to provide a single comprehensive system for providing warnings in all of the natural hazards to which our nation and other countries, of course, are subjected. There are many recommendations in this proposal, and we have now submitted to the Congress this year requests for appropriations in the amount of \$7 million to initiate the first half of the first phase of this comprehensive plan which we believe will go a very long way toward remedying deficiencies which presently exist in our natural hazards warning system.

So given these considerations, Mr. Chairman, it is our feeling that the section 8 of the proposed legislation is in the process of being realized through the Department of Commerce and the Environmental Science Services Administration in which we use the civil defense communications system in discharging our responsibility and for distributing warnings to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

As the intent of section 8(a) is already being realized, we do recommend, as I have mentioned, that it be deleted. If, however, Mr. Chairman, your committee determines that a provision for this purpose should be included in the bill, we urge that section 8(a) be amended by deleting the word "utilize" and substituting therefor the words "make available to the Secretary of Commerce." Section 8(a) would then authorize the Secretary of Defense to make available to the Secretary of Commerce the communications facilities which, incidentally, we are using extensively for our warning purposes.

Thank you, sir.

Mr. CLAUSEN. First of all, I want to take this opportunity to say that I enjoy meeting you face to face, Dr. White. We have had a substantial amount of correspondence particularly relating to my requests for approving this natural disaster warning system, and I have made the statement that it is almost ridiculous we do not have the finest available communications and warning systems commensurate with modern advances in technology. I am impressed and pleased to see that this recommendation is before us. At what stage is your request for funding?

Dr. WHITE. It is presently being considered by the Appropriations Committee.

Mr. CLAUSEN. This is the Independent Offices Appropriations Committee?

Dr. WHITE. No, sir; Commerce.

Mr. CLAUSEN. That would be in Commerce, yes. Do you anticipate any difficulty?

Dr. WHITE. Well, I hesitate to make a judgment as to what the Appropriations Committee will do to our requests.

Mr. CLAUSEN. You may expect support from this Congressman.

Dr. WHITE. Thank you.

Mr. CLAUSEN. Do you feel this will provide an adequate natural disaster warning system?

Dr. WHITE. When we have the system completely implemented, which will take several years, what it will do will be to provide a system using existing technology and present know-how in providing warnings. It does not mean all of our warnings will be perfect because our scientific understanding of the processes in the atmosphere and the oceans is not perfect. To the extent that modern technology and observation systems such as radar will permit us to give prompt, reliable warnings to the accuracy permitted by the science, I think it will do it, sir.

Mr. CLAUSEN. How long will it take you to complete this system?

Dr. WHITE. We are proposing that the system be installed in approximately six sections and three phases, and we have requested funds for the first half of the first phase. This would imply approximately 5 to 6 years to install this complete system nationwide.

Mr. CLAUSEN. And are you placing a priority in those areas that are chronically flood prone?

Dr. WHITE. The implementation plans are outlined in general in the report which you have, and they are based upon an assessment of the areas of the country which are most disaster prone from all of the natural hazards—tornadoes, hurricanes, floods—and the sequence of implementation is based upon an assessment of the importance of the hazards in each area. There is a map at the front of this pamphlet which shows all of the hazards as they affect the United States and in the report on page 15 there is a map showing the general phasing of our plan.

Mr. CLAUSEN. Thank you.

Mr. KEE. Doctor, I am certainly grateful to you for your excellent testimony clarifying the situation. I want to associate myself with my colleague on my left. I am going to work with you to try to get that appropriation. I certainly thank you very much, you and your associates, for appearing before the committee.

Dr. WHITE. Thank you, Mr. Chairman.

Mr. CLAUSEN. Mr. Chairman I have a statement to make, with a supporting statement and material which I'd like to submit for the record.

Mr. KEE. Please proceed, Mr. Clausen.

STATEMENT BY HON. DON H. CLAUSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CLAUSEN. Mr. Chairman, I am pleased to be able to deliver a statement to this committee this morning in support of the philosophy of extending aid to areas hit by natural disasters. I am particularly delighted with the progress we have been making with this type of legislation because I have been advocating action on disaster assistance for many years. I have had a great deal of personal contact with the sad, unfortunate consequences of natural disasters in my own con-

gressional district and throughout the country. I think I can safely say that no one in the Congress feels more strongly than I about the need to take effective action in this area.

I have studied the problem of providing disaster assistance from all angles. I have been to the scene of almost every major natural disaster in the country over the past several years. I have talked to experts on the subject and I have talked with victims of these catastrophes. I know that the background I have allows me to put some suggestions to the committee with confidence that they will be constructive and beneficial to the discussions we will have on the proposals before us.

I would like to begin by outlining some principles that I feel should be embodied in any legislation passed by the Congress relating to disaster assistance.

First, any program of Federal assistance should be supplementary in nature. That is, it should complement the programs carried on by State, local, and private agencies. These agencies, rightfully, should have the major responsibility in planning and carrying out aid programs for disaster-struck areas and individuals. I believe it is our task to place the responsibility in these hands and then to develop a Federal program that will meet our own burden and assist the other agencies at the same time.

Second, and somewhat related to the first, I firmly believe that Federal disaster assistance must remain on a matching-formula basis. The Federal contribution should be meant to alleviate, but not replace, the burden of the State in the specified areas where assistance is directed. The reasoning behind Federal assistance is to help meet the sudden and large costs associated with immediate recovery and to free some of the resources of these governmental units for use in areas where Federal assistance is not available. Placing 100 percent of the effort in the Federal jurisdiction for some areas of disaster relief would relieve the State of its burden of responsibility.

Finally, any Federal program must provide, at the very least, guidelines that will aid in formulating plans for action once a disaster does strike. The Federal contribution could consist of financial and/or technical assistance for this advance planning. In this way, action can be more prompt, organized, and effective when we find ourselves confronted with a major catastrophe.

I sincerely hope that any Federal legislation that attempts to assist in disaster recovery will retain and give full application to the principles I have enumerated above. I believe they are sound and should be the basis for any disaster assistance measures to be passed by the Congress.

In addition, I should like to point out that our programs of disaster assistance have thus far only been concerned with aid to other governmental units. I know that all the members of this committee are well aware of the fact that the individual citizen is faced with a large number of natural disasters for which he is unable to prepare himself or the tremendous devastation precludes any effective recovery by himself. The losses from this problem are so substantial that I believe some form of Federal assistance should be provided in this area. I believe we can develop a program along the lines of aiding the in-

dividual that will be fully consistent with the principles I have outlined.

Briefly, such assistance to the individual should provide a means of self-help and self-protection to individuals who are unable to help themselves against property loss caused by certain forms of natural disasters. It should be developed in such a way as to provide for broad participation to include others than the victim and the Federal Government. The State government, at least, should be expected to be a partner. Local governments, charitable relief agencies and private enterprises might also be expected to participate. And, advance planning also needs to be done in this field so that quick action can be taken once a disaster strikes.

On this subject, I would like to direct the committee's attention to the possibility of disaster insurance legislation. During the last session of this Congress, I was pleased to be a coauthor of a measure which authorized the Housing and Home Finance Administration to undertake an indepth study of the possibility of a workable program of disaster insurance. The study was authorized by the Congress. I strongly support the enactment of needed legislation this year, but we should await receipt of this report before reporting out a bill to provide for assistance for individuals. The report is expected to be submitted to Congress in time for legislative action to be taken this year. I am informed that the report is near completion and will be delivered to the President within the next 2 weeks.

As part of my continuing interest in programs of this nature, last October 14, in hearings of this subcommittee on the Disaster Relief Act of 1965, I presented my own recommendations as to what should be the framework for the report. I am pleased that preliminary data indicate that the HHFA has followed those guidelines and I feel confident that the report is going to be of inestimable value in leading us to an efficient program of disaster insurance.

With my remarks now as background, I would like to comment rather briefly and generally on the form of assistance proposed in the bills we are considering this morning. I do not believe they meet the guidelines I have proposed and because of that I believe they will not do the job we hope for.

The bills now pending before this committee provide for up to 100 percent of the assistance to be provided by the Federal Government. This is contrary to the idea that Federal aid should be supplemental and that the matching-funds formula should be retained. And they reject the idea that the responsibility is primarily a State and local one.

Of particular note are the provisions relating to Federal disaster loans being granted irrespective of the availability of credit from private sources. This is especially inconsistent with the thought that Federal assistance should be of a supplementary nature. If the argument advanced in support of this provision is that delay may result from the necessity to determine the availability of private credit sources, I should like to make it clear that the program of planning in advance that I have mentioned previously can incorporate the gathering and collection of the terms and conditions of the availability of private credit. This, then, will be implemented when disaster does strike.

I believe that if we follow the guidelines I have laid down this morning, we will arrive at a comprehensive and effective plan for disaster assistance that will get us away from trying to find solutions on a piecemeal basis after a disaster as we are forced to do now.

In closing, I would just like to emphasize the importance and necessity of advance planning. I think it is of utmost importance to develop plans that will be ready for implementation immediately after the need arises—perhaps much the same as the civil defense program where plans are made for all contingencies and are ready to be carried out at any time. In my district, for example, a program for cattle evacuation from low-lying areas during floods would have saved a great percentage of the thousands of head of cattle we have lost over the past couple of years. This type of planning must be the cornerstone of any program we endorse.

I know we have a great deal of work ahead of us in trying to bring a solid program of this nature into existence, but I know we will if we will set standards and build the legislation within that framework.

I have some material that bears on the problem and I would like to ask permission to have it included in the record following this statement.

Thank you, Mr. Kee.

(The following was furnished for insertion:)

SUPPLEMENTARY STATEMENT OF HON. DON H. CLAUSEN

Mr. Chairman, in order to permit others to have the maximum amount of time possible, I have purposely waited until now to offer comments to my colleagues on our committee relating to all forms of natural disasters that I have observed in my travels throughout the country with our Flood Control Subcommittee.

As you all know, the First Congressional District of California, which I am privileged to represent, has been hit with an extremity of disasters over the past three years relating to floods, tidal waves and forest fires, the likes of which have no parallel in any other Congressional District in this country.

While we have given much time and attention to floods, hurricanes, tornadoes and earthquakes, such as in Alaska, I believe we have not been able to compile enough information on, or give sufficient attention to, the problems associated with

1. Tidal waves: their effects on the community, the consideration of adequate protective works against a possible recurrence and,

2. Forest and/or grass fires that burn thousands of acres once they reach the point of "burning out of control."

Briefly, the problems associated with tidal waves have as their most pronounced example the extensive damage to Hilo, Hawaii, and, more recently, the community of Crescent City, California, which was wiped out by the tidal wave following the Alaskan earthquake. The committee adopted my amendment in last year's Public Works Omnibus bill that calls for the Corps of Engineers to study the feasibility and possibility of providing adequate protective works for the future. The redevelopment plans of the community have been seriously hampered by the lack of adequate protection.

Our committee should continue to gather information relating to the facts and problems of this particular type of disaster. I can promise to keep you apprised of the situation because this just happens to be my home town. I will have some further recommendations as this information is compiled.

The problems associated with major forest and grass fires that break out during the fire season, in my judgment, require a substantially more detailed study and more attention than has heretofore been given to this explosive type of disaster.

Inasmuch as we have had major fires in all six counties of my district each year and are now approaching the fire season this year, I conducted a special Fire

Disaster Review Hearing in Santa Rosa, California, on April 29 of this year. I did this because I felt the information and testimony gathered would serve certain basic purposes. First, it would focus attention on the need to evaluate the problems associated with these major fires to determine whether our action programs to combat these rampaging fires were adequate; secondly, to seek solutions and offer recommendations for closing any gaps in the program; and thirdly, to provide our committee that is now considering disaster relief legislation with a broader record of the problems that we have experienced—hopefully to save the committee time and also to assist others who may be similarly affected in the future.

Again, I will ask the committee to broaden its study, and I plan to offer an amendment directing the appropriate agency to study this matter further and report back to our committee, as we did in the flood insurance study request of HUD.

Another area that will require the study and attention of this committee is the possible amendment to Public Law 875 or the consideration of legislation to provide a disaster relief payment, possibly on a matching and/or formula basis with States, to political subdivisions such as cities, counties, school districts or other special service districts, that lose their tax base through some disaster. These political subdivisions have adopted budgets with a commitment to provide services and administration of locally adopted programs. When disaster strikes, the tax base is wiped out and the taxing unit loses its ability to collect taxes. Generally, it would appear only fair to grant this relief.

The financial problems of the local political subdivisions continue to mount, and local officials are faced with the problem of budget readjustments or cutbacks which are often too far committed to adjust.

With this in mind, I believe we should ask for guidance from the city and county government organizations and the Association of State Governments to determine, once and for all, whether the problem is of nationwide interest and of sufficient magnitude to require the federal government getting involved in this field. This, too, should be a study recommendation of this committee.

There are other areas that we might consider, but I believe we should contact other Members of Congress and ask for their opinions and the opinions of their constituents as we seek a permanent solution to our disaster relief problems. I am hopeful that we can come forward with a comprehensive disaster relief bill as soon as we can properly evaluate these hearings and the study recommendations of HUD and the problems that I have raised here in my comments.

In summary, we have had a comprehensive disaster relief bill before us this Congress in the form of S. 1861 and related House bills, designed to fill the gaps in disaster assistance which, in the past, have given rise to numerous individual relief bills of a piecemeal nature. I feel that while this bill will fill many of these gaps, it fails to fully take account of:

1. Tidal wave disasters:

2. Forest fire and grass fire disasters:

3. Disaster relief payments to political subdivisions which have previously committed and relatively fixed levels of expenditure for programs and services that often are not easily reduced or adjusted and that are often the result of commitments made in previous years with full anticipation of the adequate tax revenues to meet them.

In order that this most essential legislation before us will not be delayed or its enactment jeopardized, I am requesting that the committee and the Congress authorize studies, in this bill, for the above-mentioned matters. I recommend that these studies be along the lines and as comprehensive in scope as the Department of Housing and Urban Development's disaster assistance study which was authorized last year as part of P.L. 89-339, the Southeast Hurricane Disaster Relief Act of 1965. We should be sure that these studies be reported back to the Congress and to this committee next year with their findings, conclusions and recommendations, within sufficient time to enable us to consider this matter of truly comprehensive disaster relief early in the next session.

Mr. Chairman, I ask unanimous consent of this committee to insert at this point in the record a summary of the views expressed at the hearing in Santa Rosa together with my statements, the complete statements of those appearing before me during the aforementioned Fire Disaster Review Hearing, and other correspondence received in connection with the subject of the hearings.

NATURAL DISASTER REVIEW HEARING, SONOMA COUNTY SUPERVISORS
CHAMBERS, APRIL 29, 1966

Following a welcome by Supervisor Ignazio Vella, Chairman, Sonoma County Board of Supervisors, Congressman Don H. Clausen introduced several of the principal individuals to serve as witnesses and respond to questions regarding present Federal, State and local policy, capabilities, and organization.

These included Charles A. Connaughton, Regional Forester, Region 5, U.S. Forest Service, Department of Agriculture; Robert D. Calkins, Deputy Director, Department of Conservation, State of California; Francis Raymond, State Forester and Chief of the California Division of Forestry; Neal Smith, Sonoma County Administrator and Director of Civil Defense; George Grace, Regional Director, Office of Emergency Planning; William Barnard, Manager, Sonoma County Airport, and Dave Zebo, Director of Aviation, Humboldt County. Others were present to observe, offer testimony or representing Federal and State agencies and departments, City and County government, City and volunteer fire departments from areas throughout the district, and various associations representing agriculture and the timber industry.

Congressman Clausen began the official hearing with the opening remarks:

"In preparation for forthcoming legislative hearings in Washington, I have been working with other Members of Congress to develop a National Disaster Relief Act. It is my hope that this Act will improve the existing natural disaster legislation and from this we might develop a Natural Disaster Insurance Program to provide relief to the private property owners hit by various types of disasters—fires, floods, hurricanes, earthquakes, etc.

"It is our intention at this hearing to thoroughly review and evaluate all existing fire control programs; to assure ourselves that everything possible is being done to provide and maintain sufficient stand-by equipment and trained manpower to cope with any future fires.

"We hope to review the current programs being implemented by the California Division of Forestry, the U.S. Forest Service, county and local governments, industry and association organizations, and private property owners to reduce fire hazards. Additionally, we would hope to receive recommendations from public agencies, as well as private citizens, as to what steps might be taken at the state and federal level to improve all present means of reducing the severe fire hazards of our state and nation.

"So that we may develop a permanent record, I would appreciate that any remarks, evaluations, or recommendations which you might offer would be presented in writing. We would hope that this hearing might provoke some new ideas to reduce the tragedies experienced in years past."

Charles Connaughton, Regional Forester, U.S. Forest Service, focussed attention on the fire problems existing primarily within the 24,000,000 acres protected by the Forest Service in Northern and Southern California. He noted the many changes taking place with regard to this critical problem. The critical fire weather, hot and dry, without precipitation for averages of 135 days (Northern California) and 250 days (in Southern California); the expanding population with more people on the move during these peak fire weather periods; increased use of our national forests for recreation; development of remote areas and the additional risk from public works construction projects throughout the State.

With these increased risks, the Forest Service has carefully analyzed the problem and completed an intensive study determining the need for manpower, equipment, facilities, etc., and has presented this plan to Congress as part of the Program for Development of National Forests. Mr. Connaughton briefly outlined this program and pointed out that at present it is less than 50% of planned needs. He pointed out that roads were vitally important for fire equipment access, and while aerial attack can assist and supplement ground attack, it cannot replace it, and that there was an estimated need of 13,000 miles of additional roads.

Mr. Connaughton commented briefly on USFS use of fire for modification of brush lands—that the Forest Service feels fire can be a useful tool for managing lands and used to reduce fire hazards, but that each situation must be evaluated on its own merits as far different situations exist in Northern and Southern California. USFS policies were outlined.

In conclusion, Mr. Connaughton noted that cooperation between all agencies at all levels of government was the best way to reduce fire hazard and cope with the actual fire.

"There is no single item such as brush burning, or airplanes, or exclusion of people or elimination of other risks that will do the job. There must be an integrated program of physical improvements on the ground, a balanced detection, prevention and suppression organization properly housed and equipped with the best mechanical equipment that can be provided.

The approved fire plan as a part of the Program for Development of National Forests contains the items of a balanced coordinated program that have been calculated as necessary to meet fire control objectives. Implementation from the present level of \$8,249,000 for California to the full planned level of \$13,264,000 will provide a strength of force adequate to meet initial attack time standards. In addition to providing an adequate striking force, full implementation of this program will enable the Forest Service to accomplish a fuel modification program that will assist in holding any fires that do occur within predetermined blocks.

"We are convinced that an acceptable job within allowable limits can be achieved.

"If the full National Forest program were fully implemented, it would be partial at the best if we didn't have the full support, assistance and aid of the State and local governments in carrying out these programs and objectives.

"There is no cheap way, no easy way. There is no panacea which will guarantee total protection of California Forests but we feel that full application of the program and the joint efforts of all will go a long way toward holding fire damage to an acceptable minimum."

Mr. Clausen thanked Mr. Connaughton for his fine presentation, and pointed out that the Public Roads Subcommittee had just held hearings at which Mr. Edward Cliff, Chief, USFS, pointed out that Forest Service's ten year program was grossly in arrears—that \$170,000,000 was needed each year for the next ten years, and that this would be one of the finest investments which Congress could make for multiple use of our natural resources.

Clausen asked if we have adequate stand-by equipment in this area in case of any major outbreak of fire and Mr. Connaughton stated that it is reasonably adequate.

Clausen asked if we might be able to apply knowledge from research by the Department of Defense and apply newly developed infra-red equipment similar to that being used in night bombing raids in Vietnam to fighting fire disasters. Connaughton thought that this might be very applicable and adaptable to fire suppression.

George Grace, Regional Director, Office of Emergency Planning, congratulated Clausen for this review and remarked on how well informed Clausen had made himself in the whole field of disasters. Grace indicated that he was here to listen, that the National Office of Emergency Planning had an interest in this review and the proposed Natural Disaster Relief Act.

Robert Calkins, Deputy Director, California Department of Conservation, presented a statement on behalf of Director DeWitt Nelson.

Calkins outlined the department's broad responsibilities under State law, primarily protection of forest producing lands, range lands, timber and brush lands, preventing erosion, and 5.2 million acres of private lands within National Forest boundaries under contract with the State Forester. He reviewed progress made in the field of fire control with improved equipment, better trained and more personnel, better communications, and short and long range weather forecasting. He pointed out that the next major area of concentration should be Fire Prevention. "It is imperative that critical fire hazards around homes, communities, travel routes, recreation areas, and industrial facilities and operations, be cleaned up and eliminated to prevent potential fire disasters. In addition to the hazard reduction program, there must be a strong enforcement of the fire laws and an effective educational program."

Calkins noted the post-fire hazard to surrounding property, erosion, new land management problems, local zoning problems related to flood and fire. Calkins went on to outline assistance provided by the Department and other agencies and their ready willingness to respond to the needs of local or federal government.

Francis Raymond, State Forester and Chief, California Division of Forestry, outlined the responsibilities of their 4,000 employees engaged in fire prevention, fire control, forest regulation and related activities, principally to classify all lands in California to determine those which the State must maintain financial responsibility. 38,000,000 acres or 38% are "State Responsibility Areas."

Mr. Raymond reviewed the division's role in prevention and control of fires and carefully set forth the objectives in the State Foresters Fire Protection Plan. This plan developed twenty-five years ago, is continually updated and is now again in the process of re-evaluation. The division is actively engaged in expanding its activities in fire prevention, inspection to reduce fire risks, having found that every single dollar spent in prevention will yield three saved for control.

The Division's fire prevention program is designed to substantially reduce the 90% of 4,000 forest fires caused annually by man. The objective for control is to suppress immediately, or as soon as possible, all wild fires with minimum loss of life and property.

Mr. Raymond outlined the coordinated system of: (a) pre-fire suppression facilities; (b) multi-agency mutual assistance programs; (c) manpower and equipment utilization; (d) flexibility and mobility of manpower and equipment. He reviewed existing laws and controls designed to prevent fires and reduce losses; training programs; steps to develop new equipment; and the financial commitment of \$28,400,000 annually to support the Division of Forestry.

Mr. Raymond felt that the entire subject of fire prevention and control should be given higher priority of consideration at all levels of government.

Clausen asked if we have sufficient attack units standing by for effective control.

Mr. Raymond stated that our forces are located to be on spot within a fifteen minute period in high or critical fire areas. That we have stand-by units of 3-10 men, one truck, and dozens ready to move at all times, and in certain instances still can use the air attack.

Clausen asked if we have the Fire Control communications necessary to cope with the outbreak of major fires.

Raymond indicated that the seven conservation camps with 520 men are located in the First District, and that 87% of the fires were suppressed before ten acres were burned; and that 30 fires, less than 2% of the total number, burned 267,000 acres or 93% of all acres burned.

Mr. Raymond concluded that much remains to be done, especially in the field of education: Better coordination with educators to apply fire prevention and conservation education; better understanding of the prevention needs by owner, occupants, user, and the regulating governmental agency; better application of uniform standards of fire safety by government; additional fire research, better forecasting, and improved information programs to acquaint our citizens of this complex problem.

Neal Smith, County Administrator, reviewed some of the problems experienced locally, specifically in the area of communications. The problem becomes increasingly complex with so many agencies, departments and independent units involved, with so few communications channels available. He stated that Mutual Aid agreements have strengthened the ability for fire control support: the central dispatch system in effect greatly helps for better coordination, however, more adequate facilities are needed for aerial support and this area of fire suppression has been terribly neglected.

Chuck Fairbanks, District Deputy, Division of Forestry, reported that a major problem was the need for additional airspace, and more channels for communication between the various units. That on the North Coast there were two fire channels (one state channel and one aircraft channel), different frequencies were used for ground and air control, complicating the communication between ground and aerial units. Fairbanks reported that some research was being made into improved communications systems by State agencies and F.C.C.

Clausen suggested that close observation be given to application and utilization of new equipment for civilian uses.

After lunch, the Review was reconvened and statements were presented by: Ray Hunter, Director of Natural Resources, California Farm Bureau Federation. Mr. Hunter reviewed C.F.B.F. policy relating to fire hazard reduction, especially emphasizing the program of brush control burning reconversion for safety and habitat environment, and improved education and research.

Irving Grover, Farm Adviser, Napa County, reported the activities and steps taken in Napa County to inform the rural home owner of his responsibilities in reducing fire hazard and efforts to excite community action programs.

Major Robert Ryan, Commanding Officer, 579th Engineering Battalion, National Guard, Santa Rosa. Transcript of Remarks follow; as do letters precipitating his appearance.

James E. Maloney, Junior Specialist in Forestry, University of California, presented a statement by Paul Casamajor, Lecturer in Forestry at U.C., regarding the use of fuel breaks, fuel modification programs, fire prevention campaigns, and current data compiled by School of Forestry researchers.

Mr. Maloney presented a provocative argument that large scale computers be used for the collection and storage of natural disaster data—of all types, making storage, recovery, and distribution of large masses of data much more feasible than at present. This would greatly aid the Insurance industry in accurately basing the actuarial statistics.

Mr. Calkins reported that the State of California is putting a great deal of planning data on tape; that \$100,000 had been spent in 1965 in Electronic Data Processing.

Clausen added that much has been compiled by private organizations, industries and our public utilities companies.

Mr. Moore, National Park Service, presented a review of N.P.S. policy, illustrating cooperative efforts between State, County and other federal agencies for training and suppression of fires.

Mitch Mulas presented two brief statements on behalf of the Sonoma County Farm Bureau and the Schell-Vista Fire Protection District.

Harold Bohay, Chief, Fire and Rescue Division, California Disaster Office, reported that C.D.O. has developed a state-wide communications net and Fire Weather information will be put over the regular net.

In response to a question concerning the high cost of equipment, Mr. Bohay reported that the Federal specifications in some cases are not realistic. Many small Northern counties don't have the money to meet Federal specs, and surplus equipment is just not available—requests are backlogged two and one-half years.

He reported about 500 fire trucks are in the field and 123 fire pumpers will be in service by July 1.

The most enlightening report made by Mr. Gaffney is that the savings on one major fire is greater than the entire cost of 100 trucks.

Mr. Phillips, Chief, Alpine Volunteer Fire District, related that the greatest problem that they and other small districts experienced was getting a priority for equipment. Since it is not tax supported, there is no opportunity available to purchase equipment, yet they are supposed to protect thirty-three sections east of Santa Rosa.

Several witnesses commented about this problem, the means of county support, and the need for improved communications. Many areas now operate only on a citizens' band radio.

Bill Partain, Manager Napa County Airport, and Bill Barnard, Sonoma County Airport Manager, directed their testimony to the need for improved aerial suppression equipment and methods. Our present use of aerial tankers is an outgrowth of crop dusters and few improvements have been made in recent years. We are using B-17's, F7F's, and TBM's. The aircraft in use is practically a disaster itself. These aircraft types will have to be replaced by newer, more suitable models. Barnard asked what will we do in the future to keep up with the needs of this capability? Should the State or Federal government look toward new type of aircraft? Barnard stressed that we certainly must maintain this capability, plan for all weather air strips in regional locations, and have retardants stored for ready use whenever the need arises to suppress the potential disaster.

Dave Zabo, Director of Aviation, Humboldt County, joined Barnard in pointing out how aerial suppression had stopped or retarded many fires in the back country of Humboldt, Mendocino, Trinity and other Northern California counties.

Congressman Clausen concluded the hearing by thanking all those who had attended, participated, or presented statements and questions. He especially thanked the Federal and State agency representatives for taking time to attend and present their testimony and answer many of the questions. He stated that he felt certain much good would come from the information presented and that this would help to reduce the threat of fire disaster in the future.

(Statement by C. A. Connaughton, Regional Forester, Region 5, U.S. Forest Service, U.S. Department of Agriculture, Fire Disaster Review Hearing, Santa Rosa California, April 29, 1966)

I am Chas. A. Connaughton, Regional Forester, responsible for the administration of the National Forests in California. Your interest in examining the prob-

lems associated with forest fire occurrence and control is appreciated and welcomed. Hearings and reviews held over the years by Federal and State legislature committees and by other groups, all have had a common objective of strengthening the fire prevention, presuppression and suppression efforts of Federal, State and local fire protection agencies. This sort of effort has been helpful in focusing attention on California fire problems and in developing solutions.

THE FIRE PROBLEM

To assist in your current effort I would like to review briefly the fire problem as it exists in California today with primary attention to the National Forests and outline some of the changes that have occurred in the last few years.

There is no area in the United States that has the combination of fuels, severe dry weather over a long season, and intensity of human use that is represented in the forest and watershed areas of California. The average period without precipitation in Southern California is in excess of 250 days and in the rest of the State the average period without rainfall extends for over 135 days each year.

Southern California particularly has all of the elements in dramatic proportions which result in large fires. These are rough steep topography, extremely flammable fuels, long periods of high temperature, drying winds and fire risks brought on by the activities of a rapidly growing population. Elsewhere in California conditions aren't consistently as serious but there are frequent periods when hazards are unusually high. This was most recently illustrated in 1964 and 1965 when Sonoma and Napa Counties were subjected to critical burning conditions. During the period September 18 to September 28 in 1964 the entire State experienced a period of critical fire weather. It was during this period that the disastrous fires occurred in Sonoma, Napa, and Lake Counties. The Nun's Canyon and the Handley and the Mt. George fires and others illustrate that rapid spreading, damaging and costly fires can occur in the North Coast area as well as Southern California. Again in 1965 a critical three day period of high winds and extreme fire danger caused heavy losses here in the Napa-Sonoma and adjacent areas when 18 large fires burned about 120,000 acres destroying numerous structures, vehicles, and livestock.

Much of the change in the fire problem is associated with expanding population and use of the forest land of the State. The population is increasing at a rate of more than 500,000 annually. From 14,177,000 people in 1957 to an estimated population of 18,756,000 in 1965 is an increase of about 4,500,000 in this eight year period. This increase in numbers has a direct impact on the fire problem by increasing the chance of fire occurrence from the people themselves and also from the increase in the construction and operation of facilities needed to serve these people. Construction operation and maintenance of roads, telephone lines, power lines, water developments and all of the other utilities and facilities required to service an expanding population impose increased fire risks in vulnerable areas. Two of the most damaging fires in timber lands in recent years resulted from construction activity. The Donner fire on the Tahoe National Forest in 1960 which burned 41,643 acres originated on a highway construction job. The Ice House fire of 1959 which burned 18,581 acres originated on a reservoir clearing job. These two instances illustrate the impacts on the fire control problem of an expanding population and concurrent industrial development.

Recreational use of the National Forests has increased from 11,084,000 visits in 1957 to 21,336,000 in 1965. This represents an increase of 94% or almost double the recreational use in this eight year period.

Timber harvested in the National Forests of California has increased from 919 MM board feet in 1957 to 1,787 MM board feet in 1965 for an increase of approximately 94%. This increased activity represents an increase in risk, not only from the activity associated with harvesting this volume of timber but also from the additional acreages of cutover land and slash covered areas which are highly hazardous from a fire standpoint.

The expansion of real estate subdivisions, resorts, recreation areas, organizational camps, business and industries add new risks and hazards to fire problem areas throughout the State.

In addition to increasing the hazard of fire occurrence, the presence of structural developments throughout the brush and timber area requires a change in firefighting strategy and tactics. No longer can the fire boss determine his con-

trol plan based solely on logical topographic features, fuel types, changes in weather, and similar factors that affect the behavior and control of wild fires. Instead decisions must be evaluated more and more in the light of not only the forest values but the structural values and the threat to lives and property.

FIRE PLANNING

Due to the rapid rate of population increase in the State and the other factors discussed above including increased costs, it has been necessary to reanalyze the fire problem and revise our Plans and Programs to keep pace with current needs.

In order to understand the forest fire problem and its needs, an extensive analysis has been made of the 24,000,000 acres protected by the Forest Service in California. This analysis involves many complex factors and, therefore, was organized around each of 17 National Forests as a separate unit. This analysis has been completed and draws on the latest research findings as well as experience over a period of more than 50 years. Study was made of the need for manpower, equipment, facilities and land treatment measures required to hold burned acreage to acceptable levels.

A completed fire plan resulted and a program based on it was presented to the Congress as a part of the Program for Development of National Forests. This program was transmitted to Congress by the President on September 21, 1961, with his strong endorsement for favorable consideration.

The plan provides for:

1. An increased and intensified fire prevention program.
2. A strengthened initial attack force by doubling the present level of initial attack firemen and pumper crews; increasing the quantity and quality of aerial attack base facilities, fixed-wing air tankers, helicopters and helitack crews; and developing additional well trained, fully equipped highly mobile reinforcement crews.
3. Development of a stronger training program for fire control personnel, using the latest techniques and training devices such as the fire simulator.
4. Provision for better access into presently inaccessible areas.
5. Increased hazard reduction program—
 - a. Fireproofing areas of high risk.
 - b. Construction of fuel-breaks and fire breaks in selected areas.
 - c. Changing vegetative cover to less flammable types or types having lower resistance to control.
6. Activation of a more comprehensive fire research program.
7. Follow-up on an aggressive rehabilitation program designed to quickly restore plant cover on burned areas thereby reducing erosion and flood damage.

The plan consists of a balanced program for prevention, detection and suppression of fires by organized and well trained crews properly equipped to do the job. Aerial and ground attack is integrated and correlated. Aerial attack is supplemental to ground attack. While this approach is sometimes spectacular in effect, it has serious limitations and for this reason the ground attack is still the basic approach to fire suppression.

COMPLIANCE WITH THE PLAN

At the present time, actual manning of the basic ground crew organization is less than 50% of planned needs. This means that many pumper stations are either not manned at all or have inadequate crew strength to operate the equipment, lay hose and perform the other duties required for successful initial attack. This deficiency in basic crew organization is the biggest weakness existing in planned needs.

There is an estimate of \$13,200,000 per year for implementing the fire plan. Implementation of this plan would provide the strength of force required to meet time standards for successful initial attack and control of all fires starting under average bad conditions. At present \$8,249,000 is available for all prevention and suppression items including fuel treatment (see Table attached).

Fundamental to any system of fire protection is a network of roads to insure rapid safe access for suppression forces. This is absolutely essential to accommodate the large numbers of fire pumpers, personnel transport, bulldozer transport and movement of other equipment and supplies required for fire suppression. While aerial attack can assist and supplement ground attack it cannot replace it.

There is an estimate of need for 13,000 additional miles of road Statewide. This calls for an estimated cost over a 10-year period of \$216,000,000. Much of this will be built in the process of developing timber lands by timber sale purchases. All of this mileage is important to the fire control program. Authorization for roads funds is currently being considered by the Congress.

Experience in recent years has again clearly demonstrated that fuel modification and management is exceedingly important as an essential part of a fire control program. In the past five years we have made substantial progress in this direction. The program for the National Forest provides for the expenditures of \$1,800,000 annually over a 10-year period for fuel treatment. Implementation of this item would be of great benefit to the fire control program.

There are many opportunities to coordinate fire control needs through fuel manipulation in other resource management programs. Fuel management can be obtained through type conversion in converting brush fields to timber stands or range grasses, habitat improvements to benefit wildlife and by manipulation of cover to enhance water yield.

The total acreage in the Region planned for fuel modification under various resource programs amounts to 2,700,000 acres. This will provide fuel cover modification on approximately one-eighth of the National Forest lands in California. Completion of this large, but we feel realistic and attainable program, would provide benefits not only to fire control but to increased productivity of the forest lands.

BRUSH BURNING AND FIRE

Because of the widespread local interest in the use of fire to reduce hazards and fuels, I want to make special mention of this subject.

Brushlands in California have been a challenge to landowners and others since the first settlers arrived. Gold miners burned brush, timber, and litter to expose quartz outcroppings. Early-day stockmen burned to open up brush to produce succulent sprouts. Loggers burned slash to reduce fire hazards adjacent to unlogged areas. The Forest Service, too, believes in the proper use of fire as a tool of land management.

Fire properly handled can be, and is, used to reduce hazards and fuel in situations where proven advantages result. Each specific situation must be evaluated on its own merit. We do not believe that the use of fire for brush removal can be generalized.

There are some 20 million acres of brush outside the commercial timber zone in California. About 14 million acres of this is north of the Tehachapi Mountains and 6 million acres south of that range. About 22 percent of this total brushland is located on National Forest land.

Managing brush-covered lands is a significantly different problem in Northern and Southern California. In Northern California, topography, climate, and soil offer more opportunities to remove brush and replace it with a plant cover of more direct economic value to grazing, wildlife and timber interests. In Southern California conditions are less favorable for conversion to other cover and watershed protection transcends all other values. In general, the southern mountain slopes have never supported anything but chaparral brush. With brush present, nature exercises reasonably good control over the mountains in preventing sources of flood and damaging debris. Without the brush, erosion and floods are rampant.

In Northern California a different situation prevails. Opportunities for changing brush to grass or trees or even to different kinds of brush more palatable to livestock and big game are greater for several reasons. The brush-covered slopes are generally not as steep. The soils in many places are deeper, more fertile, and capable of growing other plants.

Weather conditions are not as critical for plant growth. Fire is easier to use under controlled conditions. Moreover, at one time many Northern California brushlands supported other vegetation. This is particularly so in the sagebrush lands of the northeast plateau and in woodland chaparral belt around the Central Valley. Some of these lands offer excellent opportunities for conversion to grass.

The Forest Service is converting brushlands to other types of vegetation throughout the Region. Fire, mechanical and chemical means are used. Work is limited to slopes where erosion will not be excessively accelerated and con-

fined to soils shown by prior analysis to be capable of growing plant more valuable than the brush that is being removed.

In the current year there are type conversion projects on 22 Ranger Districts of 10 National Forests in the State. Some of the most intensive work is concentrated on the Mendocino National Forest.

Most of the jobs involve use of fire in one way or another to remove brush. The objectives of the work include increasing forage for domestic livestock, better fire control through developing fire lands and buffer strips, improving sites for tree planting, and improving conditions for wildlife.

The program will proceed as rapidly as practicable and research is being continued to find out how to do the job cheaper, safer, and more effectively.

In summary, the Forest Service policy with respect to brush burning in California is:

(a) On steep slopes with highly erodible soils, particularly where brush is the climax type, as is the usual case in Southern California, broadcast burning should not be used to reduce first hazard. Fire can be used in a limited way under careful control to prepare fuel breaks and fire breaks.

(b) Even on areas with gentler slopes and more stable soils, which are found mainly in Northern California, the Forest Service does not favor indiscriminate burning. Fire can be used in combination with mechanical and chemical methods under carefully controlled conditions. It must be followed up with intensive management and control of brush sprouts and seedlings. The big problem in California in use of fire is to be able to select the proper conditions when the fire will burn hot enough to get the job done but not so violently that it can't be controlled. If these conditions are not just right the whole effort can be a waste of time and money or in the case of escape can result in damages to adjacent property.

COOPERATION NECESSARY

The forest fire problem can be handled only by the closest possible cooperation with all levels of government. Local fire districts, County, State and Federal Government all have a responsibility and all have a definite role to play. Fortunately the cooperative approach is well developed and functions effectively under the present pattern of operation. This pattern should be continued without major reductions but always searching for ways and means of improvement.

THE JOB AHEAD

In closing, I would like to review what is needed to cope with the fire problem in California. There is no single item such as brush burning, or airplanes, or exclusion of people or elimination of other risks that will do the job. There must be an integrated program of physical improvements on the ground, a balanced detection, prevention and suppression organization properly housed and equipped with the best mechanical equipment that can be provided.

The approved fire plan as a part of the Program for Development of National Forests contains the items of a balanced coordinated program that have been calculated as necessary to meet fire control objectives. Implementation from the present level of \$8,249,000 for California to the full planned level of \$13,264,000 will provide a strength of force adequate to meet initial attack time standards. In addition to providing an adequate striking force, full implementation of this program will enable the Forest Service to accomplish a fuel modification program that will assist in holding any fires that do occur within predetermined blocks.

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If the full National Forest program were fully implemented it would be partial at the best if we didn't have the full support, assistance and aid of the State and local governments in carrying out these programs and objectives.

There is no cheap way, no easy way. There is no panacea which will guarantee total protection of California Forests but we feel that full application of the program and the joint efforts of all will go a long ways towards holding fire damage to an acceptable minimum.

Program for development of national forests (November 1961)

R-5 (CALIFORNIA) PROGRESS TOWARD 10-YEAR GOALS IN FIRE PROTECTION

Program item	1972 level in program	1963	1964	1965	Budget estimate 1966	Current annual deficiency (compared to program)
Fire control annual operating costs.....	\$11, 443, 000	(1)	(1)	(1)	(1)	-----
Fire control land treatment costs.....		(1)	(1)	(1)	(1)	-----
Annual basis.....	1, 821, 300	(1)	(1)	(1)	(1)	-----
Total, fire control.....	13, 264, 300	7, 452, 000	7, 638, 000	7, 909, 000	8, 249, 000	5, 015, 300

R-5 (CALIFORNIA) PROGRESS ON ALLIED PROGRAMS BENEFICIAL TO FIRE CONTROL

Fire and general purpose structural improvements (includes construction of barracks, warehouses, water developments).....						
Annual level: 10 years (does not include APW and flood restoration).....	2, 239, 000	1, 080, 000	927, 000	1, 065, 410	913, 016	1, 326, 084
Road construction access roads beneficial to fire control.....						
Annual level: 10 years (flood restoration that does not add to system not included).....	21, 615, 400	8, 838, 000	10, 758, 000	10, 778, 000	10, 800, 000	10, 815, 000

¹ Not separated in budget or expenditures.

DEPARTMENT OF CONSERVATION'S ROLE IN NATURAL DISASTERS ¹

(By Robert D. Calkins, Deputy Director, Department of Conservation, State of California)

Honorable Don Clausen, I am Robert D. Calkins, Deputy Director of the California Department of Conservation, of which the Division of Forestry is one of our four, and the largest, of our resource divisions. I am presenting this statement on behalf of Director DeWitt Nelson who is unable to be here today.

The State Forester and the Board of Forestry are charged with providing forest fire protection in California on state-owned and private lands broadly described by state law, as lands covered wholly, or in part, by:

- (a) Forests, or trees producing or capable of producing forest products;
- (b) timber, brush, undergrowth or grass which protect the soil from excessive erosion, retard runoff or accelerate water percolation; and
- (c) lands principally used or useful for range or forage purpose, which are contiguous to the lands described in (a) and (b).

Specifically excluded are:

- (a) Lands owned or controlled by the federal government; and
- (b) lands within the exterior boundaries of any city.

For further definition of the state's protection responsibility, I should point out that there are about 5,200,000 acres of privately-owned lands within the boundaries of the National Forests which are protected by the U.S. Forest Service under contract by the State Forester. He will discuss with you, in more detail, the capabilities and role of the Division of Forestry in a fire disaster.

¹ Presented on behalf of Director DeWitt Nelson, Department of Conservation, at hearing conducted by The Honorable Don H. Clausen, Representative in Congress, Santa Rosa, California, April 29, 1966.

Over the years many advances have been made in meeting the problem of fire control. This has been accomplished primarily through research and development of equipment, including bulldozers, tank trucks, helicopters and air tankers, combined with fire retardant chemicals, better training of personnel and the establishment of 39 California Conservation Camps using adult prisoners and juvenile wards. In addition to these improvements, we must recognize improved communications by use of radio and better weather forecasting—but here, long-range weather prediction, particularly for specific areas, needs much more research.

We need more research to determine more exactly the causes of fires. Because of the great number of fires involved, the causes of many are listed by the first firemen on the scene whose principal job is to promptly extinguish the fire. We need additional men, well trained, to gather detailed information to determine exactly how fires start. An effective research team must include professionals whose knowledge of human behavior can be applied to other factors in developing a more effective and comprehensive forest fire prevention program.

There is no single solution to the forest fire problem. It seems obvious that just adding more men and equipment for fire control will not do the total job; however, there is need for more in many places.

It, therefore, appears that the next major effort must be in the area of Fire Prevention.

It is imperative that critical fire hazards around homes, communities, travel routes, recreational areas, and industrial facilities and operations, be cleaned up and eliminated to prevent potential fire disasters. In addition to the hazard reduction program, there must be a strong enforcement of the fire laws and an effective educational program.

In each of these three major prevention activities—hazard reduction, enforcement and education, there is need for further research and field experimentation.

Flood and debris problems, which often result in disasters, persist from many of our steep and highly erosive mountains during periods of high rainfall. These problems are multiplied many times when the watershed cover is removed or disturbed by either fire or the works of man. As our urban areas move onto the mountain slopes, we not only increase the risks and hazards of fire, but we also increase the runoff and erosion potential from the construction of roads, building pads, and other developments. Here, too, is the need for proper land management and treatment measures to prevent disaster.

The land treatment measures may include firebreaks, heliports, improved access and, where practical, some modification of the cover. The need for this type of flood control and land treatment exists in many parts of California. Flood prevention facilities, developed under the provisions of Public Law 566, complement the fire prevention and control programs.

Because of expanding developments into hazardous flood and fire areas, each year finds more people and more improvements exposed and vulnerable to loss or damage.

— Other than the reduction or elimination of critical fire hazards around improvements, one of the greatest needs is for adequate access and water development so the protection forces can properly perform their duties.

— There is need for more effective zoning in both flood plain and fire hazardous areas. In many areas, there is need for the identification of geologic hazards, such as potential landslides, so they, too, can be avoided by proper zoning.

The State, through our Division of Mines and Geology in cooperation with federal agencies, is working to develop more and better plans for collecting and disseminating information on geologic hazards for city and county planners so that people may be forewarned of such dangers.

Thus far, I have touched principally on the aspects of fire disaster which is the primary responsibility of the Division of Forestry on an every day basis. In the event of a disaster proclaimed by the Governor, such as a military attack, fire control remains with Forestry. In other types of disaster such as the Crescent City tidal wave, their activities by plan fall under the direction of the agency or unit of government responsible under the California Disaster Plan.

Under this plan, not only are the people, equipment and facilities of that division available for assignment, but also many other Department of Conservation's administrative and staff people have assignments on various disaster units ranging all the way from the Governor's command office through the district or areas headquarters of command, intelligence and communications.

Our department could and has become materially involved in declared disaster emergencies by assignment of Conservation, Youth Conservation and Forestry camp inmate crews, under direction of regular Forestry foremen. This took place during the floods in 1964 and 1965 under contract with the Department of Water Resources.

We also may become involved in the work of another state agency by virtue of agreement approved by the Director of Finance or as indicated previously in any emergency activities in response to executive proclamation.

Other assistance, which has been given by our forces from time to time is technically considered as the contribution of a good neighbor to the agency having primary responsibility during the time of local peril.

STATEMENT BY FRANCIS RAYMOND, STATE FORESTER AND CHIEF OF THE CALIFORNIA DIVISION OF FORESTRY

Congressman Clausen, I am Francis Raymond, State Forester and Chief of the California Division of Forestry—an organization of some 4,000 employees engaged in fire prevention, fire control, forest regulation and other closely related activities.

RESPONSIBILITY FOR WILDLAND PROTECTION

State responsibility areas

The State Board of Forestry is required by law to classify all lands in California to determine areas in which the financial responsibility for maintaining an organized system for preventing and suppressing fires is primarily that of the State of California.

Basically these areas of State responsibility are state owned and private forest, watershed or range lands. Excluded are lands owned by the federal government and lands within cities.

The Board of Forestry has determined that some 38 million acres, or 38% of the State, are "State Responsibility Areas". For convenience, economy and good administration the work involved in maintaining the State's responsibilities on some 5 million acres of private lands within the National Forest boundaries is performed by the U.S. Forest Service under contract. An additional 4 million acres are protected under contract by five Counties which maintain adequate protection facilities.

The Board of Forestry is also required by statute to make and enforce regulations necessary for the proper organization and administration of a fire prevention and suppression organization.

As State Forester, I am required to provide an organized system of fire prevention and fire suppression within the scope of the Board's policies, as set by statute and by legislative appropriations.

Prevention of wildfires

Responsibility for the prevention of fires through enforcement of laws is found in statutes which regulate, for example: the use of fire, spark arrestors on equipment, registration and specification of prevention measures for rubbish dumps, precaution for fires in incinerators, screens over chimneys and stove pipes, clearances around structures, industrial establishments, and power lines.

Control of wildfires

Responsibility for the control of wild fires is found in various statutes which include an organization of men and equipment, detection and communication systems and other measures necessary to suppress wild fires. Such organization also includes pre-fire suppression features such as fuel breaks, firebreaks, truck trails or fire access roads, and plans for the integrated use of men, equipment and facilities not generally considered part of the regular fire suppression forces.

The State Forester's Fire Protection Plan

The State Forester's Fire Protection Plan encompasses two broad areas: one for preventing fires from starting and another for the control of those fires which are not prevented.

The plan was developed some 25 years ago and is re-studied and revised as necessary each year to maintain it as an up-to-date tool to meet the needs of a very complex fire situation.

The criteria on which the fire control plan is based is currently being re-defined and re-developed to take into account new features and new concepts in fire control as well as changing patterns of the fire problem.

The Fire Prevention section of the Fire Protection Plan has recently been given intensive study. As a result the Board of Forestry in 1963 approved changes and improvements designed to expand considerably activities throughout the State in fire prevention, including more intensive inspections to reduce fire risks and hazards, research and study to determine fire causes, law enforcement to gain compliance with fire prevention laws and an increased tempo of other activities necessary to reduce the occurrence of fires.

OBJECTIVES

Prevention

The objective of the fire prevention plan and program is to prevent the 90% of 4,000 forest fires each year which are caused by man. We recognize, of course, that the immediate attainment of this total objective is unrealistic, but we are convinced that it is feasible, practical, and economically possible to reduce the number of fires by about 60% within a short period of years.

For the past several years the ratio of forest fires to population has remained almost constant—about 20 fires for each 100,000 of population. With adequate financing, additional manpower and other features included in the Fire Prevention Plan approved by the Board the number of man-caused fires can be reduced to 7 per 100,000 of population.

Control

The objective of the Fire Control Plan is to control wildfires immediately upon initial attack or failing in this, at least before 10 a.m. of the day following the start of the fire, with a minimum of loss to life, property and resources.

The fire prevention and control system depends on three lines of defense. First is fire prevention, including controlling the sources of ignition and controlling the fuels in which ignitions may occur. Second is quick control of fires while they are still small. Third is holding to a minimum the damage of life, property and resources, and the cost of suppressing fires that may develop in spite of these measures.

CONFLAGRATION CONTROL

Throughout California there has been, and is now being further developed, a coordinated system of:

1. Pre-fire suppression facilities—such as, fuel breaks, fire breaks, access roads, heliports, water storage, etc.
2. Mutual assistance programs involving the U.S. Forest Service, military installations, California Disaster Office, Counties, Fire Districts, Cities, Volunteer and other organized fire protection forces.
3. Effective use of forest industry, construction, military and other organized groups of men and equipment.
4. Continued improvement in mobility of massive fire suppression forces throughout the state, including conservation camp personnel and initial attack units, and the California Disaster Office.

LAWS AND REGULATIONS

There are a number of statutes designed to aid in the prevention of fires and to reduce losses and damage from fires. Principal among these are:

The Forest Practice Act was designed mainly to regulate timber harvesting but contains significant fire prevention and fire suppression features involving every timber harvesting operation.

Chapter 2038, Statutes of 1963, resulted from a very comprehensive study of the statewide needs in fire prevention by the Senate Fact Finding Committee on Natural Resources. These are the relatively new laws which:

- Extend the burning permit regulation;
- Require clearance around structures;
- Require clearance along power lines;
- Provide a reward of \$100 for information on arsonists;
- Improve spark arrestor standards and extend their use to motorcycles and trail bikes; and
- Require permits for operation of rubbish dumps.

Other laws regulate the use of fireworks and explosives, camp fires, equipment, and the burning of vegetation as a tool in range management.

There has been developed a unified program of fire prevention effort with the U.S. Forest Service and other units of government. Information-education programs are also being coordinated with all major volunteer groups, including the Redwood Region Conservation Council, Keep California Green, Inc., the California Fire Prevention Committee and others, to make most effective use of radio and TV time, school programs, public exhibits and displays and many other activities.

TRAINING

Intensive programs have been developed to train field personnel to make effective fire prevention inspections and follow-up methods to gain full compliance with fire prevention laws and in law enforcement techniques.

Special schools have been established for training fire control forces to better use the newer equipment, techniques and tools available for fire control. We now are rotating 280 men through 2 Training Centers in classes of 20 for 5-week periods throughout the non-fire season each year. We hope to increase this number of trainees in the near future with the completion of a new Training Center in Amador County.

Training classes in fire generalship are annually attended by Division of Forestry employees and the employees of other agencies.

EQUIPMENT DEVELOPMENT AND FIRE DANGER RATING

Necessity demands the improvement of old and development of new fire equipment almost exclusively by the Fire protection agencies whose personnel know the job to be done and conditions under which it must be accomplished. Equipment specialists of the Division of Forestry and the U.S. Forest Service work together and with manufacturers in the design, fabrication, testing and field use of all kinds of tools and equipment used or useful in the fire protection system.

The Wildland Fire Danger Rating system which was developed cooperatively by the U.S. Forest Service and the Division of Forestry is an important tool used by all fire protection agencies in California. It is a very intricate system made up of several indices which indicate the probability of fire starts, a measure of work load required to suppress a fire after it starts and other factors calculated on the basis of fuels, slope, season, humidity and wind. Wind velocity, which was listed in last place is actually the most important single factor in the formula which results in a numerical expression which is commonly converted to one of 4 words—"low", "medium", "high" or "extreme" to indicate the "fire danger" at any given place and time.

THE FIRE PROTECTION PLAN

Statewide status

The Division of Forestry currently employs 53 Fire Prevention specialists, only 11% of the manpower recognized as necessary and included in the Fire Prevention plan, to accomplish the goals in fire prevention.

In Fire Control we are at 82% of planned strength with a total of 16,470 man months of forest fire station personnel.

In Conservation Camps operated cooperatively with the Department of Corrections and Youth Authority, we are at 100% of planned staffing with all camps currently included in the plan operating or under construction as planned. The 2800 men in 39 conservation camps are a very important part of the organization accomplishing the pre-fire suppression and fire control work, in addition to their activities on other conservation projects.

The current budget for the support of the Division of Forestry Fire protection organization including the operation of the 39 Conservation Camps is \$28,400,000.

The current *Fire Prevention* budget is about \$900,000, less than 3% of our total budget.

The Legislature is now considering a \$500,000 addition to the Fire Prevention budget to provide 63 additional fire prevention specialists to increase the staff to 17% of the 1232 positions included in the Fire Prevention Plan.

North Coast District, status

In this North Coast District the Division of Forestry employs 16 Fire Prevention specialists.

Fire control forces are established at 3008 man months, 87% of planned strength.

7 Conservation Camps with 520 men are located in this District.

North Coast District, fire incidence and acreage

Considering only the 1964 and 1965 fire seasons.

87% of all forest fires were suppressed before reach 10 acres in size. This is an enviable record.

30 fires, less than 2% of the total number of fires, burned 267,000 acres or 93% of all acres burned. Of 1,610 forest fires, only 66 were "extra period" fires—that is were still burning at 10 A.M. the day after the fire started.

These, of course, are the fires with which you are most concerned.

WHAT CAN BE DONE?

We believe that the subject of fire prevention and fire protection should be considered and given higher priority at all levels of government. Owners and others who use or occupy areas in which wild fires can occur must assume a greater responsibility for preventing fires.

A few points which are in need of particular emphasis at this time are:

A. Planning for fire protection does not envision full capability to meet a maximum fire situation at any given place but rather ability to expand rapidly with organization depth, using local resources and cooperators as needed. Protection planning must recognize that hazard reduction and fire defense is a shared responsibility of the wildland occupant or user and local government with the State, local or Federal protection agency.

The occupant or user must exercise efforts in his own behalf through good fire prevention and fire safety practices. Local government can assist with land use zoning, subdivision and more restrictive fire prevention ordinances.

B. The Fire Safe Program, sponsored by the County Supervisors Association of California, includes fire safety guides for use by governmental agencies, concerned groups and individuals to eliminate many of the common hazards and prevent the development of new hazards by providing for ingress and egress, water available for fire, street names and numbers, safety islands, structural standards, building spacing and other features to promote safer use of the wildlands. It is important that Federal land managing agencies be provided funds and support to use these same guides so that we can have uniform standards of fire safety throughout the wildland areas of California.

C. Fire Research. There is a need for more research in behavioral studies to help develop effective measures to deal with the starting of fires by "children playing with matches", by other people, and by those commonly called incendiaries, who start fires for no apparent reason other than whatever satisfaction they get from their destructive acts.

All major fire control and conservation agencies need to know more about the development of effective educational measures including radio and TV programs and commercials. We need to know the types of signs and posters which are most effective in fire prevention. We need more fire prevention engineering in the design and construction of automobiles, machines, construction and recreation equipment, and in the design, construction and maintenance of highways which will aid, in a mechanical way, to keep sparks and other fire starting agents away from flammable vegetation.

D. We need better fire weather forecasting. The services now rendered by the Weather Bureau is greatly improved over past years but further improvements are necessary to alert fire control agencies well in advance of significant critical changes in the weather.

E. The U.S. Forest Service is in dire need of the "Development Program for National Forests" now before Congress. This program, after many years of study throughout the Nation, is necessary to provide modern, up-to-date facilities and administration for protection, reforestation, recreation, grazing, lumber production, water conservation and other important products from the 20 million acres of National Forest in California.

Many features included in this proposed Development Program are needed now by the Forest Service to be able to provide on these National Forest lands the fire prevention, fire control and related programs comparable to the fire protection programs planned for similar lands in private ownership in California. The urgency of meeting these needs soon cannot be over-emphasized, for even if

adequate funds were to be provided by the present Congress, the immensity of the job to be done would take years to accomplish, and during this period the problems and the threats to these forest resources continue to grow.

I would like to leave with you copies of the Second and Third Progress Reports of the Senate Permanent Fact Finding Committee on Natural Resources, the Fire Safety Guides for California Watersheds and my 1964 Report on Activities of the Division of Forestry. You may find these publications to be of interest in your further study of this subject.

Thank you for this opportunity to present our views. I will be pleased to try to answer any questions on these, or other subjects.

STATEMENT, NATURAL DISASTER REVIEW HEARING, AT SANTA ROSA, CALIFORNIA,
APRIL 29, 1966

(By Mr. Robert B. Moore, National Park Service, San Francisco)

The National Park Service fire control policy states that all fires threatening the natural and cultural resources of the parks shall be controlled and extinguished. To implement this policy fire fighting takes precedence over all other demands, except the safeguarding of human life. It is a key activity in National Park Service land management.

The National Park Service manages 13 areas in California of which 11 have varying wildland fire potential from slight at Death Valley National Monument to severe in Yosemite, Sequoia and Kings Canyon National Parks. There are two Service areas in the North Coast section of California; Point Reyes National Seashore and Muir Woods National Monument, both in Marin County. Both have trained personnel and equipment for initial attack on fires but also have cooperative agreements and rely on the Marin County Fire Department for assistance on all but small fires. During the serious fire situation of September 1965 this service was not called upon to assist.

The National Park Service in California over the past three decades has been fortunate in assisting in the organization of and participating in the central zone dispatching system of mutual aid on wildland fires. Cooperative aid agreements exist between the State of California, several national forests and one county (Marin). The larger National Parks in California (Yosemite and Sequoia and Kings Canyon) have trained fire control overhead and adequate equipment to meet control requirements up to two large fires each with assistance only in fire-fighting line personnel. The smaller areas can handle up to medium sized fires with assistance again in firefighters, not overhead and equipment. A summary of firefighting manpower and equipment for National Park Service areas in the State of California is attached.

The Service is meeting its fire protection responsibility with assistance from U.S. Forest Service zone, State, and neighboring cooperators.

Fire training is carried out as part of the park management program for all protection personnel. One aspect of fire training could stand improvement. That is actual training for key fire overhead on going fires. We propose a system of assigning men to shadow training behind the key fire control overhead line positions on going fires of our cooperators. Severe travel restrictions currently limit our participation under this plan. We face a continuing problem of shortage of experienced fire control overhead because of the relatively low occurrence rate of wildland fires within areas administered by the National Park Service.

All requests for assistance to the U.S. Forest Service Zone dispatchers have been quickly and willingly met. On the other hand, the National Park Service, within defined available resources, has furnished fire overhead and helitack crews as requested. It is essential in furnishing specialized equipment such as tankers that they be sent with at least a full crew and preferably with a relief operator.

The inter-agency cooperation in California is a keen working reality. This mutual relationship is typified by the annual Central Sierra Fire Conference, the Southern Section of which has just this week convened at Bass Lake, California and the California-Nevada Fire Council which will meet next week. A representative from this office participates in each of these conferences. The close comradery of these groups carries over directly into excellent working relationship at all levels.

NATIONAL PARK SERVICE FIRE CONTROL RESOURCES, STATE OF CALIFORNIA

TABLE 1.—*Trained manpower and specialized equipment normally available for dispatch during the fire season under mutual aid agreement to cooperators*

Area	Equipment					
	Helicopter and crew	Building firetrucks	Water tankers	Large wildland fire pumpers	Small and medium wildland fire pumpers	Trained fire overhead and/or linemen
Death Valley				1		3
Joshua Tree					2	5
Lava Beds					3	5
Lassen		1			3	10
Muir Woods					1	1
Pinnacles					2	3
Point Reyes			1	1	2	5
Sequoia-Kings	1		1	2	6	15
Whiskeytown					1	3
Yosemite	1	1	1	2	3	20
Regional total	2	2	3	6	23	70

TABLE 2.—*Maximum in manpower and equipment that could probably be assembled in the event of a fire disaster*

Area	Equipment					
	Helicopter and crew	Building fire trucks	Water tankers	Large wildland fire pumpers	Small and medium wildland fire tankers	Able-bodied fire linemen ¹
Death Valley				1		25
Joshua Tree					2	30
Lava Beds					3	25
Lassen		1		1	3	75
Muir Woods					1	5
Pinnacles					2	5
Point Reyes			1	1	2	20
Sequoia-Kings	1		1	2	11	175
Whiskeytown			1		1	25
Yosemite	1	2	1	2	3	215
Regional totals	2	3	4	7	28	600

¹ Includes permanent and seasonal National Park Service, contractors and concessioners with balanced fire control handtools and line equipment.

STATEMENT BY LEE A. SEIDELL OF ASCS OF USDA, FOR NATURAL DISASTER REVIEW HEARING, SANTA ROSA, CALIF., APRIL 29, 1966

Under the ACP cost-sharing is provided by the Federal government to encourage farmers to carry out needed soil, water and wildlife conservation practices. Although the ACP offers no specific fire prevention program, many of the conservation practices available to the program add strength to existing fire control programs of other agencies. An outline of these practices and accrued benefits are as follows :

1. Construction of firebreaks in woodlands and fireguards on rangeland directly benefit any fire prevention program. Group efforts by farmers who join together and pool their resources have proven most effective.
2. Range improvement practices such as the control of brush and construction of stocktrails help eliminate areas susceptible to fire and provide access roads for fire fighting equipment. Brush has been removed from approximately 700,000 acres of California rangelands with ACP cost-sharing during the past 25 years and over 2,000 miles of stocktrails have been constructed.
3. Over 14,500 farm ponds have been constructed under the program for erosion control, stockwater and irrigation purposes during the last 25 years. These

structures act as a deterrent to fire by providing a ready water supply for fire fighting equipment. In some counties the California Division of Forestry has each pond spotted on fire control maps for emergency use.

STATEMENT BY ROY HUNTER OF CALIFORNIA FARM BUREAU FEDERATION, NATURAL DISASTER REVIEW HEARING, SANTA ROSA, CALIF., APRIL 29, 1966

The California Farm Bureau Federation is a general farm organization representing more than 60,000 member families of 54 County Farm Bureaus in the State. Headquarters are at 2855 Telegraph Avenue, Berkeley, California.

The Federation's policy, adopted by its House of Delegates, has for many years included the following:

"We recommend that a program of fire hazard reduction be carried out, in which timber and brush lands will be broken into fire control units by a network, of fuel breaks along strategic locations to reduce fuel conditions and make access conditions more favorable for fire prevention and control activities."

"The citizens of California, as well as the agricultural and industrial economy of the State, are becoming more and more dependent upon public lands for multiple use * * *."

"It has been demonstrated through research and actual practice that the removal of non-productive brush, debris, etc. from public * * * lands by controlled burning is frequently the best and most economical method of range conversion, when used in connection with appropriate follow-up control and management practices to improve wildlife and livestock range, water yield and to reduce the fire hazard and suppression costs incident to wild fires * * *"

"We favor continuing sound research, education and action programs of the problems of:

1. Forest and land management, including the conversion of cover where site and soil characteristics lend themselves;

2. Fire prevention and insect, disease and vertebrate pest control methods."

California consistently has the problem of wildfires getting out of control and causing loss of life and great damage to property, watersheds, wildlife, etc., because of extensive unbroken stretches of brush and timber lands in many areas of the state. As the preceding quotes from Farm Bureau policy point out, we recommend that all public land managing agencies, including the U.S. Forest Service, accelerate their programs of brush conversion, fuel break development, etc., so as to break up these large brush and timber land areas into smaller units with better access for fire prevention and control activities, as well as, at the same time, improve range, watershed, and wildlife habitat conditions.

For many years, Farm Bureau has promoted controlled burning as a method of converting brush to grass for range improvement, water conservation, wild-fire hazard reduction, the improvement of access and game habitat. For many years, the California Division of Forestry maintained stand-by firefighting crews in connection with these controlled burns to insure against escape of the burns. However, the 1965 Session of the State Legislature deleted the financial support for these stand-by crews from the budget of the Division of Forestry.

Our CFBF House of Delegates adopted a resolution during our annual meeting last November, calling for the reinstatement of these funds to the Division's budget. We feel that the costs of maintaining such stand-by crews and other fire prevention activities by state and federal forestry agencies are more than offset each year because of improved watershed and access conditions, greater protection to surrounding areas, reduced fire suppression costs, etc.

The implementation of the recommendations contained in this statement would do much toward improving present means of reducing the severe fire hazards of California.

TRANSCRIPT OF REMARKS BY MAJOR ROBERT RYAN, COMMANDING OFFICER, 579TH BATTALION, NATIONAL GUARD, SANTA ROSA, FROM TAPED PROCEEDINGS AT FIRE DISASTER HEARINGS, APRIL 29, 1966 (TRANSCRIBED BY CONGRESSMAN CLAUSEN'S DISTRICT OFFICE)

Congressman CLAUSEN. Our next witness, Major Robert Ryan, is the Commanding Officer of the National Guard in Santa Rosa. I wonder if you can comment on the availability of equipment that we have standing by today to meet the critical disaster situations that we have had for the past two or three years? Could you give us some background on this?

Major RYAN. The 579th Engineer Battalion has units located in San Rafael, Santa Rosa, Healdsburg, and Napa. In recent years, somehow we have got into fire and flood disaster business. Since 1962, we've worked with the county, Mr. Kostka, and also with the Forestry Service. We have the capability to construct, repair and maintain roads, air fields, heliports, stream crossings, demolition, etc.

We can provide 90 thousand gallons of water within 20 hours, and of course we have medical facilities, and up until the first of the year we had a large motor pool of heavy equipment. This equipment has been used for the last four years by Civil Defense agencies. Due to the unfortunate situation that we now have in Vietnam, the Secretary of Defense has organized S.R.F. (Selective Reserve Force) units of 150,000 men. By doing so, he has had to draw equipment from the remaining units, to bring these S.R.F. units up to full strength. This organization, in the last three months, has lost 118 pieces of equipment. This equipment includes heavy grade trucks, deuce and a half, tractors, graders and large amounts of communication systems.

Some of the equipment now is stationed in surrounding areas transferred to these S.R.F., and we have the authority from the Adjutant General to use this equipment, if it is available during the season; in other words, if the units are still there.

CLAUSEN. Major, based upon this experience in the last two or three years, if a similar fire disaster should break out, and in consideration of your particular role during these past fires, with the lack of this equipment, could you comment on the effect of your complementary role in Sonoma County and in other surrounding counties?

MAJOR. Well, Mr. Clausen, with the lack of equipment, at the present time I have 438 officers and men—highly qualified officers and N.C.O.'s—The majority of them are all civil engineers—with the lack of equipment, we would be able to do very little for Sonoma County or anybody else.

CLAUSEN. What percentage of your over-all effort in fire control, do you people make as far as the National Guard contribution is concerned?

MAJOR. We've played a bigger part in the floods than we have in fires. In the last fires I think I had approximately 82 personnel on State active duty, and during that time I believe we used roughly 24 or 25 deuce and a half trucks. Now, these trucks were utilized to carry the prisoners to the fire camps and to move them to the various areas. Right after the last fire, I talked to the Forestry Service, and we were to come up with a plan, showing the equipment that we have stationed here, because the local Forestry Service was not aware of the fire control force that we had, which they had drawn from, I believe, down in the Los Angeles area somewhere. We had the same equipment sitting here we could have utilized.

CLAUSEN. With this equipment lost, I might ask if the panel could express your opinions regarding the capability to control fires with this loss of equipment. Would any one of you like to comment?

UNIDENTIFIED SPEAKER. Well, I would say it definitely will, because during these emergencies, some of this equipment is most effective. I am thinking particularly of the aid they gave us in the floods, both last year and the year before. These big 4-wheel drive trucks were the life savers; they were the bread and butter units that we had. In an ordinary commercial truck, you are almost helpless compared to what they were able to do—going into the water and rescue, moving furniture, and so many other things of that sort, so it will be a severe blow to our capabilities in a flood situation if this equipment is not available. I would say the same thing is true in this respect as far as fires are concerned. It definitely hurts the control of fire and floods. I would comment to this point that one of the big problems is transportation and movement of anything would be difficult unless we relied on the National Guard.

UNIDENTIFIED SPEAKER. Did you say that much of this equipment that was here before is now in Petaluma?

MAJOR. The equipment—some of it has been moved to Petaluma. A lot of it has been moved down toward Los Angeles, San Jose, and the Bay Area. What the Secretary of Defense has done: He has equipped these S.R.F. units; however, he has not had the equipment to fill them up, so he has drawn the equipment from the rest of the Guard—so, some of the equipment is still in the Petaluma area.

UNIDENTIFIED SPEAKER. If we had a fire—and the equipment is still over there, this September when we have the extreme fire hazard, would it be available out of Petaluma through your organization here?

MAJOR. Well, Colonel, through Mr. Clausen's representative, this morning, I found out that the Adjutant General has sent a letter to Congressman Clausen, saying that the equipment could be utilized by this Engineering Battalion in case of disaster. However, we have to keep in mind how long this company might be in Petaluma.

SPEAKER. Are there any plans made here for replacement of equipment they have drawn?

MAJOR. It is my understanding that through the State Maintenance Officers in State hearings today, they have let contracts for the replacement. However, at my level I do not know where this equipment would go—in other words, the Armed Forces are sure of equipment—we are aware of that. And whether it would go to the Reserves or not, I don't know. The Secretary of Defense at this time accords with the Department of the Army Guard Bureau and is striving for a merger of the National Guard. However, if this will go through, I don't know. If it goes through, it is my understanding that this company and equipment would come back into the Battalion as the top priority. But this is on a way higher level than I am.

QUESTION. One more question, Major. In view of the fact that this battalion was activated during the Watts situation last year, could you perform the same role, here, if a similar crisis should result again?

MAJOR. Well, it isn't really difficult to answer this question. Last week I received an order to transfer seven more pieces of equipment. At present we don't even have sufficient equipment to move our troops to Camp Roberts for summer training. I'd say we are about 50% effective. Additionally, our capability has been further reduced since we have lost most of our communications equipment as well—from 45 pieces to 7.

CLAUSEN. Does this give you cause for concern?

MAJOR. Well, Mr. Clausen, I'm concerned about the trends. I appear today in uniform—as a private citizen, I would go much further.

CLAUSEN. Thank you very much, Major Ryan.

TESTIMONY BEFORE THE NATURAL DISASTER REVIEW HEARING CONDUCTED BY HON. DON H. CLAUSEN AT SANTA ROSA, CALIFORNIA, BY PAUL CASAMAJOR, LECTURER IN FORESTRY IN THE SCHOOL OF FORESTRY AND SPECIALIST IN FORESTRY IN THE AGRICULTURAL EXPERIMENT STATION OF THE UNIVERSITY OF CALIFORNIA AT BERKELEY

ABSTRACT

Past research has indicated that established methods of fire detection and control have reached a high degree of effectiveness. Thus, different elements of the total fire environment which can be controlled by man prior to actual fire ignition receive attention from fire suppression researchers and administrators. One of these different elements is the nature of the fuel in which a fire will burn.

A program of fuel management should be directed toward reduction of the probability of fire ignition, facilitation of suppression action, and continued manipulation of fuel in areas where the fire hazard to human life or property values is high. Among suggested fuel management methods are systems of fuel breaks and techniques of fuel modification.

Fuel breaks will rarely check fires alone but provide significant benefits as a component of a total fire control system. However, recent research indicates that, in some areas of California, the benefit-cost ratio of fuel break systems is less than one.

Fuel modification, at least to the extent of breaking fuel continuity and introducing fire resistant landscaping in small areas, seems an essential precaution in certain California areas. A number of chemical and physical means are available for such modification; among these the use of controlled fires has wide appeal.

However, the use of controlled fires should be approached with caution. In particular, the true economic cost of, and the risk of fire escape from a controlled burn are two elements of the technique which have not yet been fully evaluated.

In general, the technique of fuel management shows considerable promise but we have a lot to learn about it. We need knowledge

about the effectiveness of various treatment techniques under various conditions as well as information about the benefits and costs of our actions. These "knowledge gaps" constitute fruitful potential research fields.

Abstracted by:

JAMES E. MALONEY.

The School of Forestry has been conducting research on a variety of economic questions related to the problem of fire control in California for the last nine years. These questions, and their answers, are very complex and clear-cut results are not often obtained. Our studies, like much other work in this area, show that the established methods of detection and fire control have reached a high degree of effectiveness. Further progress in direct suppression activity can be made only at the expense of rapidly increasing marginal cost. Some of the most promising possibilities for further increases in operating efficiency are through the use of the techniques of operating research and the Forest Service and we are working on this.

The major remaining problem in fire control is the two or three percent of the wildland fires which, burning in critical fuels and in extreme fire weather, reach catastrophic proportions of size and damage. Since fire weather is the only element of catastrophic fire conditions for which there is no evidence that man can hope to control, our attention must be directed to the time elements over which man can exercise some control—fire prevention and fuel modification.

Prevention campaigns designed to increase human awareness of fire problems and to modify and direct human actions are well established in the image of Smokey Bear. Current research by the Forest Service will probably increase the effectiveness of such campaigns. We must make progress in prevention just to stay even with the problem of ever increasing wildland use for human activity. There are, however, limitations to the possibilities of modifying human behavior patterns.

The one element of large fires that man can control in advance of occasional inevitable ignitions during periods of severe fire weather is the fuel. Fuel modification or fuel management should be directed toward at least three major objectives: hazard reduction to reduce or eliminate the chance for ignition; fuel modification to facilitate suppression action; and, fuel management in specific zones where there is hazard to human life and where values are high.

Just as industrial safety programs have been more successful by the development of various guards and safety features which reduce the probability that a careless action will result in injury than they have been in reducing carelessness, so, too, hazard reduction or fuel management can be a major route to reducing fire incidence. The clearing of roadside strips and campgrounds, better control of dumps, and tighter controls on railroad and power line right-of-way are familiar examples of this. While substantial administrative attention has been given to this approach, there is good reason to believe that a serious research effort on this approach could pay some real dividends.

The most familiar method of fuel modification to facilitate control is through a system of fire breaks, or, as they are now called, fuel breaks. This is an approach currently receiving much attention. The breaks will rarely check fires alone, but they provide a system of access and a base for initiating control actions which make them a useful element in a total fire control system. There is, however, some reason to believe that advocates of the potential benefits from such breaks are overly optimistic.

A recently completed study by the School of Forestry investigated the costs and benefits of an intensive system of fuel breaks in the central Sierra Nevada.¹ After planning an elaborate fuel break system, the relationship of the system to the fire history for the years 1952 through 1961 was analyzed. We found that the breaks would have intercepted only 39 percent of the area actually burned in Class — fires in the absence of such breaks. In other words, if the fuel breaks had been 100 percent effective, they would have reduced the area burned by only 39%. Analysis which included the probability that some fires would sweep over the breaks indicated that the break system would have reduced the previously experienced burns by not more than 8 percent to 20 percent depending on the level of suppression forces.

¹ David, Lawrence S., 1965, The economics of wildland protection with emphasis on fuel break systems. State of California. 166 pp.

This does not mean that breaks may not be a valuable part of a protection system, particularly where high values are at stake as in some of our urbanized wildlands in California. But, there is a danger of over optimism and a need for further planning studies of this type.

Fuel modification to reduce hazard to areas of high values is particularly relevant to the kind of problem which Santa Barbara—and a great many other communities in California—faces. As a people, we have not faced the costs and realities involved in living under our climatic and fuel conditions. The suburban fringe, spreading in long fingers and scattered clumps into steep terrain and brush and timber covered lands, is attractive, appealing, often expensive, and always an invitation to disaster. The homeowner who perches his residence on the top of a fire funnel and then maintains a solid cover of highly flammable natural vegetation right up to his doorstep simply displays his ignorance of the nature of California. The breaking of fuel continuity and the development of fire resistant landscaping are minimum requirements. In some instances hazards are such that no building should be permitted. Reliance on good sense and voluntary compliance obviously does not meet the problem. A further strengthening of laws, the financing of offensive enforcement programs, more intensive zoning controls, and more sharply graduated fire insurance differentials are all essential if people are to live in reasonable safety in the fire climate of California.

There are a wide variety of techniques available for the reduction and modification of fuels. Such methods include the use of chemical sprays; a wide range of mechanical approaches include cutting, bulldozing, smashing and chipping, intensive program of piling and burning; and the use of controlled or prescribed fire on a broadest basis.

This use of prescribed fires has a wide popular appeal, based on the concepts that fire is a "natural" method and that it is cheap. Both concepts are largely illusions. The simple fact is that the whole issue of aboriginal fires is not relevant to our current problems. Whatever the situation prior to European colonization, the whole pattern of vegetation is now different and continuously altered by man through suburban development, grazing, harvesting of forest products, road building, fire control and all our other activities. The demands on our land by the present 19 million people in California has no resemblance to the demands of the relatively small Indian population of early times.

The question of costs is confused by partial analyses and uncertain data. Most figures cited cover only the direct costs of relatively small programs carried out on an opportunistic basis. The costs of large scale programs in which labor and equipment cannot readily be shifted depending on the daily weather pattern are likely to be very different and much higher. More important, none of these figures make allowance for the risk element—the degree of probability that the controlled fire will escape and do damage ranging from minor to major proportions. The disastrous Ice House Fire of October 29, 1959, which burned 16,000 acres of some of the finest timberland in California, was an escape from the burning of piled brush in a cleared reservoir site. The Donner Ridge Fire of August 20, 1960 which burned 48,800 acres at a cost plus loss of over \$4,000,000 was an escape from burning used in right-of-way clearing. Both of those conditions were, or should have been, more manageable than broadcast burning. In the twenty years (1945–1964) of the California Division of Forestry program of permit controlled burning for range improvement the record shows that the actual area burned exceeded the planned area burned by over 174,000 acres. This figure represents 8.3 percent of the permit burn area. The risk and the damage resulting from these escapes is a true part of the economic cost of using fire in fuel modification and need recognition.

This is not to deny that fire is a useful tool in the whole set of techniques of fuel modification. The point is simply that it is not a panacea and it is not cheap except in certain favorable circumstances.

In general, fuel management has considerable promise in meeting our remaining fire problem, but we have a lot to learn about it. We still do not know how effective various treatments are under severe burning conditions and our knowledge of costs and benefits is primitive. The effects will usually be temporary—often of short duration—and repeated and maintenance treatments must be a part of any fuel modification program. Rather than being a general solution, fuel management is a technique which must be applied with a high degree of selectivity.

TESTIMONY BEFORE THE NATURAL DISASTER REVIEW HEARING CONDUCTED BY
HON. DON H. CLAUSEN, APRIL 29, 1966 BY JAMES E. MALONEY, JUNIOR SPECIALIST
IN FORESTRY, AGRICULTURAL EXPERIMENT STATION, UNIVERSITY OF CALIFORNIA,
BERKELEY

Representative Clausen, my purpose in making this brief statement is to comment generally upon certain needs of researchers and administrators as well as upon certain research needs. I hope also to show the relevance of these needs to the implementation of a program of national wildland fire insurance.

While the United States is not a paper tiger as some have claimed, it is certainly a nation of paper users. Each year a vast volume of information about natural disasters is observed and recorded on paper, each year research techniques and results are derived and recorded on paper, each year significant disaster administration decisions are made and recorded on paper, and each year administrators and researchers get further behind in their reading.

The major problem here is not so much the quantity of paperwork as the fragmentation of information resulting from the diversity of information sources. Data relevant to a particular problem may be stored in a number of different locations; recovery of such data is often prohibitively time consuming and expensive.

The advent of large-scale computers and the development of electronic data processing techniques have made the storage, recovery, and distribution of large masses of data feasible. The remote possibility that a centralized regional information agency, designed to quickly provide relevant statistics, research results, and administrative precedents for most problems, could be established has now become a virtual certainty. Research into the procedural and technical questions of such an agency could provide valuable benefits now; the benefits are directly related to the increasing weight of paper crossing our desks.

An insurance program is necessarily based upon actuarial tables giving the probabilities of various occurrences under various conditions. With a central statistical "data warehouse" available for use and through application of computer-oriented statistical techniques, such tables would become possible in the field of fire suppression, where they do not now exist. A central data warehouse may not be necessary for implementation of a program of national wildland fire insurance, but the attempt to create such a warehouse would most certainly facilitate such implementation in addition to other administrative and research benefits.

Finally, we regard the overall fire suppression program as a production process with some, rather vaguely defined output and with some, largely unknown relationships between various types of inputs and between total inputs and output. The vagueness of our process definition must necessarily be removed prior to implementation of a national fire insurance program.

Basic research into the fire-natural fire environment relationship is now going on at a high rate. In addition, basic research is being conducted on the physical potentials of various types of fire suppression equipment. However, research into the relationships between inputs, perhaps using the model-building, computer-oriented techniques of linear programming and operations research, is a necessary and potentially productive field into which present work can be extended. As an example, much of the fire-fire suppression equipment relationship data available now exists primarily in the minds of trained, experienced fire administrators. A well designed questionnaire series or a fire research game could be used to quantify and make available this valuable information. Such information could be used, in turn, to adjust the rates and protection schedules of a fire insurance program.

Summarizing briefly, the increasing flood of written but often hidden information relating to problems of fire and other disasters provides a strong rationale for a computer-based interagency information warehouse. This rationale is strengthened by the facilitating effect such a "national disaster accounting system" would have on statistical and other research into the when, why, and how of disaster. Study of the procedural steps involved in establishment of such a system is suggested as a potentially valuable area of research. Finally, investigation of the production interrelationships between fire suppression inputs and fire suppression outputs is advanced as a second suggested research area.

NATURAL DISASTER REVIEW HEARING, SONOMA COUNTY SUPERVISORS CHAMBERS, FRIDAY, APRIL 29, 1966; STATEMENT PRESENTED BY MITCH MULAS, PRESIDENT, SONOMA COUNTY FARM BUREAU, SANTA ROSA, CALIF.

I would like to commend Congressman Clausen and his committee for the work they are doing in preparation for the forthcoming hearings on the National Disaster Relief Act. These matters, indeed, need a great deal of improvement, both before any disaster and after.

In both fire and flood disasters we find a great need for immediate cash to aid victims in securing shelter, food and clothing. Our own organization has, in past, raised several thousands of dollars to use for immediate after disaster needs. It is my feeling that the mechanics for such aid should be set up within the county government so that the loss of time in getting relief to victims is negligible.

It is my feeling that severe fire hazards as well as floods could be prevented by one thing, cleanliness—the eliminating of debris that obstructs the flow of water in our main streams and debris collecting in our wooded areas.

The answer to this would be improved steps in conservation. Government agencies such as the forestry service should be given financing and power to maintain these areas where the lives and property of our people are in danger of both fire and flood.

Wooded areas should be cleaned, burned off with control burning. And I would like to mention the smog control law at this time. Should no burning be allowed for the purpose of cleaning an area, fire hazards would be greatly increased.

The practice of control burning should come under the supervision of the forestry department. Citizens used to fight fires under emergency conditions should be trained in some way. Also it may be possible for the men in our armed forces to be trained so that they may be used in an emergency. Training of these men would not only be valuable when they are in the service but would be of great help when they return to civilian life.

I feel that a cleanup program, properly developed, could be one of the main answers to our great fire disasters with the possibility that prisoners and unemployed youth as well as adults be used in the program.

It is my hope that these few comments may be of some help in the evaluation being made by your committee.

NATURAL DISASTER REVIEW HEARING, SONOMA COUNTY SUPERVISORS CHAMBERS, FRIDAY, APRIL 29, 1966; STATEMENT PRESENTED BY MITCH MULUS, ASSISTANT FIRE CHIEF OF THE SCHELL-VISTA FIRE PROTECTION DISTRICT

I would like to commend Congressman Clausen and his committee for their effort in attempting to assist and improve our fire control programs.

I am Assistant Fire Chief of the Schell-Vista Fire Protection District, and I can indeed say there is need for improvement on our fire programs both before and after a fire disaster. I spent my share of time in fighting the last two major fires in the Sonoma Valley Area. From personal observation, I can say that the last three disastrous fires in Sonoma Valley were caused by power lines breaking, or having trees fall across a line in a windstorm. Some improvement is needed with regard to this. Possibly discontinuing power during a heavy windstorm, returning power only after the lines have been checked.

In the heavily wooded areas a great many homes were lost. Strict enforcement of laws by officials responsible for these areas may prevent some of these losses, and the enforced use of fire resistant materials in wooded areas would be of great benefit, not only to the owners, but to those fighting a fire. These areas need to keep the underbrush cleaned out to both keep fires from starting as well as spreading once they are started.

We need improvement in fighting fires. The fire departments in Sonoma County, through their Association, have done a marvelous job in the way of mutual aid, thus making use of available equipment to its capacity. The Division of Forestry in Sonoma County has always been of great assistance in all fires which have gotten out of control.

However, there is a need for more equipment to be made available to small fire districts when an emergency occurs. The Division of Forestry has equip-

ment stationed in our Valley and throughout the County for this purpose, but as soon as a major fire breaks, this equipment is moved out of our Valley or other areas thus leaving some particular spots unprotected with only their own small equipment to use.

There is a need for up-dating Forestry and Civil Defense equipment, there is a need for inter-department coordination of activities to avoid loss of time and use of equipment. More men trained to assist forestry crews would improve the efficiency of both the permanent crews as well as the available equipment.

It is my hope that these few comments may be of some help in the evaluation being made by your committee.

PRESENTATION BY THE REDWOOD REGION CONSERVATION COUNCIL BEFORE THE FIRE DISASTER REVIEW HEARING, APRIL 29, 1966; PRESENTED BY MR. STEWART M. SNYDER, FIRE PREVENTION CHAIRMAN OF THE REDWOOD REGION CONSERVATION COUNCIL.

This is a "fire disaster review hearing". The very title means looking at the fire problem in retrospect. A looking back does not call for new thinking; it merely stirs up old thoughts and recollection of fear and apprehension. Perhaps these thoughts, in retrospect, are necessary to stimulate concern for preventing reoccurrence of something so potentially destructive as fire. The fire seasons of 1964 and 1965 provided the stimulus. Now, what can be done to achieve adequate fire prevention?

Fire prevention in a county could be, and should be, a top-ranking problem rating top-ranking attention. This problem should not be set aside as something that someone else should attend to. Everyone feels that it isn't his problem to prevent fire but someone else's. As a consequence far too little constructive effort is applied toward meeting the problem.

Past attempts in dealing with the task in this county and in the Redwood region in general have been largely uncoordinated efforts on the part of a few organizations. The leader in this effort for the past fifteen years has been the Redwood Region Conservation Council conducting its program through education; newspaper, radio and TV announcements; signs, bumper strips, ash trays, envelope stuffers, warning flags and other similar materials. The RRCC conducts its seasonal campaign against wild fire through a committee of individuals who are directly associated with fire problems in their daily work. This committee initiates ideas relating to increasing fire prevention awareness and evaluates their effectiveness throughout the season. The question remains: Has the RRCC expended enough effort? Has public apathy toward fire prevention been reduced by the efforts? Is general interest in the problem being enhanced? What more can be done? How can all efforts be improved upon?

RRCC is a predominantly timber industry-supported service, hence its efforts, at least at the outset, were oriented toward the timber aspects of fire prevention. Timber owners and operators should work vigorously toward fire prevention awareness but does it not seem reasonable to expect that the county supervisors should be directing an overall fire prevention program in their county.

The concern for fire prevention anywhere in the county is great, and fire incident seems to be on the increase because of greater exposure factors on the land. The appetite of fire is not confined to timberlands: Witness experiences of the last two fire seasons in the county. Fire is a threat to the welfare of any area in which it runs wild, hence it is a county-wide threat, not just one confined to timber areas.

I am not in favor of Government doing more and more, and your body is county government, but I do feel that the role of county supervisors should not be overlooked in a coordinated county-wide fire prevention program.

To insure county participation, I recommend a change in the RRCC Fire Prevention Committee structure. In the past there has been one region-wide committee serving the entire area treating the whole as one entity. My recommendation now is that the RRCC establish committees in each county consisting of three local RRCC members, one county supervisor and the RRCC Fire Prevention chairman as the fifth member. Annual meetings to be held in each county the first week of March to analyze particular fire prevention needs of each county. The chairman, attending each meeting, would in so far as possible, coordinate a region-wide program. But special emphasis on each county's particular problems would be maintained. County participation on committees

would contribute the necessary local emphasis to insure best coverage of each particular county.

STATE OF CALIFORNIA, PUBLIC SAFETY AGENCY,
Sacramento, May 31, 1966.

HON. D. H. CLAUSEN,
Santa Rosa, Calif.

DEAR MR. CLAUSEN: I would like to thank you for the opportunity of attending the Fire Disaster Review Hearing, held on April 29, 1966, in Santa Rosa. As you know, Mr. William Garrett, my Administrative Assistant, attended on my behalf.

Mr. Garrett has discussed with me in considerable detail the problem and the comments expressed during the hearing. In view of the severity of the problem, and the resulting statewide potential, I am offering the following for your consideration:

As I understand it, at least part of the problem is in connection with communications, or the possible lack of a defined and pre-planned communications procedural system. In this respect, a possible comparison to the fruit frost warning system was emphasized during the hearing. Mr. Francis Raymond, the State Forester, and others testified with respect to the weather forecast warning system currently employed by the Division of Forestry. Apparently there is a sizeable gap in this system as it now exists, particularly with respect to local fire protection agencies operating outside the scope of the Division of Forestry.

I am of the opinion that our mutual aid provisions, established under the Disaster Act, are reasonably sound for fire and other disasters after they have occurred. I am not convinced, however, that such provisions adequately cover the potential or imminent threat of fire disaster posed by high winds, severely low humidity conditions, or other related factors. To my knowledge, here are no means, either legal or technical, currently available to the fire service in this state to put into operation a statewide pre-planned move-up of equipment, manpower, and service supply facilities into an area potentially threatened by fire disaster before the incident occurs. This type of operation is available only to the Division of Forestry, since that division operates statewide. Local fire protection agencies, however, cannot be brought into an operation of this type under a supporting role unless or until either a mutual aid condition is called for or the Disaster Act is set into motion. In both cases, the disaster has already happened.

I therefore submit that, while a communications system (possibly similar to that of the fruit frost warning system) is highly necessary, there must also be a means to set into motion a pre-planned move-up of equipment, manpower, and service supply facilities. This would provide a definitive follow-through for the communications systems. Without such follow-through, the communications system would serve no really effective purpose, since the means of combatting a potential threat, should it become a real one, would not be available. In other words, it is one thing to know about something and still another to be able to do something about it.

I am also of the opinion that the entire State of California should be considered in a program of this kind. While I am sympathetic with the conditions which exist in the First Congressional District with respect to the potential fire hazard, there are additional areas throughout the State which are, in fact, in a similar or worse condition from this very same standpoint. I do not believe it to be feasible to consider only one portion of the State in the development of a workable plan when the State's entire resources for combatting disasters are employed wherever the disaster may occur.

Undoubtedly, legislation, either federal or state or both, would be required to establish the proper machinery and funds for any kind of development along the lines I have expressed. I am confident that all fire protection agencies currently involved in California are doing their utmost in fire control operations within the limitations of their legal and physical capabilities.

Thank you again for the opportunity to participate in your very worthy hearing.

Yours very truly,

GLENN B. VANCE,
State Fire Marshal.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Santa Rosa, Calif., April 20, 1966.

HON. DONALD H. CLAUSEN,
House of Representatives,
Washington, D.C.

DEAR DON: Thank you for the invitation to attend the Natural Disaster Review Hearing which you have scheduled for April 29th. I shall be very pleased to attend and look forward to hearing the reports and recommendations by those responsible and skilled in the field of forestry and fire control.

I have no recommendations to make but know that the OEP national office will be most interested in your final legislative proposals and will provide OEP's views at the appropriate time.

It will be good to see you again, Don, and I look forward to the discussion you have programmed.

Sincerely,

GEORGE M. GRACE, *Regional Director.*

MARCH 17, 1966.

HON. DONALD H. CLAUSEN,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN CLAUSEN: Your attention is invited to a situation that could have serious effects in Sonoma County and perhaps other areas within your District.

In its concept of increased readiness and mobilization potential of certain military units, the Department of Defense has issued regulations for acceleration of training of certain National Guard units, including a former Company of the 579th Combat Engineers Battalion with headquarters in Santa Rosa. This unit along with others have increased their training, strength, equipment and readiness in the event of mobilization.

Unaffected units, such as the majority of the remaining companies of the 579th Combat Engineers Battalion have had to commit manpower, materials and equipment to bolster the combat potential of these specialized groups. A substantial amount of vehicular equipment has already been removed from the Santa Rosa Armory and I understand that more will be required.

It should be noted that local government in Sonoma County has found it necessary to use National Guard personnel and equipment a total of five times during the past nineteen months, during which time the County and some of its Cities have been faced with disastrous fires and floods. The loss of any more equipment, particularly vehicular, might place us in a serious position should we be faced with these calamities again.

As an alternative, it is suggested that National Guard units from metropolitan areas that normally do not respond to natural disasters could be the source of additional equipment if it is needed. To my knowledge, none of the Bay Area Guard Units have been committed to Northern California floods or fires during the past two years.

I believe that this alternative is worthy of investigation and, in my capacity as Civil Defense Coordinator for the County, I will appreciate anything that can be done to prevent any further loss of equipment which has been so vital to our rescue work and disaster recovery efforts.

Respectfully yours,

RALPH E. KOSTKA,
Coordinator, Sonoma County Disaster Office.

APRIL 12, 1966.

HON. DONALD H. CLAUSEN,
House Office Building,
Washington, D.C.

DEAR MR. CLAUSEN: As stated in the attached letter from the Sonoma County Disaster Office, certain vehicles and engineer equipment have been transferred from National Guard units in Santa Rosa to the Selected Reserve Force unit in Petaluma. The transfers were necessary to meet mobilization readiness

objectives assigned to the Petaluma unit. Many vehicles and items of equipment have been similarly transferred from units in the Bay Area to meet the requirements of other Selected Reserve Force units in northern California.

The capability of the Guard to respond during emergencies has not been seriously impaired by the transfers, since the equipment is still located in Sonoma County. Further, Guard resources elsewhere in the State will be made available should the need arise. The ability to move men and equipment to a disaster area was demonstrated in 1964 when units in Santa Clara County performed flood relief missions in Mendocino and Humboldt Counties, and again in 1965 when Sonoma County units were employed to suppress riots in Los Angeles.

Should Mr. Kostka desire additional information on Guard capabilities to support his community during emergencies, it is suggested that he communicate directly with this office. We will be pleased to discuss details with him at his convenience.

Sincerely,

RODERIC L. HILL,
Lieutenant General, the Adjutant General.

SONOMA COUNTY FLOOD CONTROL &
WATER CONSERVATION DISTRICT,
Santa Rosa, Calif., May 4, 1966.

Subject: Fire disaster review hearing.

Congressman DON H. CLAUSEN,
Santa Rosa, Calif.

DEAR SIR: This District is primarily involved with fire control in its role as the water supplier for most of the urban area of Sonoma County and portions of Marin County. Since the system operates 24 hours a day during the fire season, the normal operating procedures were adequate to meet the situation during the fires of 1964 and 1965, except that the entire staff was put on standby.

The one major problem encountered by the District in performing its function during the fires was the availability of power or rather the lack of power. All of the pumps in the District water system are driven by electric motors, with power purchase from Pacific Gas and Electric Company. This power source is dependent on a very few, very vulnerable power transmission lines and there are no standby power generating units in Sonoma County adequate to operate even one pump at our river intake. For example, during the 1964 fire the only transmission line capable of supplying power for the District's Wohler Pumping Plant at the Russian River was directly in line of the fire. It was strictly a miracle that only one short time outage occurred. The Sonoma Booster Station, which supplies Sonoma and Rincon Valleys experienced numerous power outages and the water supply in storage for these areas was critically low toward the end of the fire.

The District has been concerned with the need for standby generating capacity at our Wohler Plant on the Russian River for some time but we do not have adequate funds to purchase the needed equipment. The cost of a diesel powered generator large enough to operate only one of the 4160 volt—1000 HP pumping units at the Wohler Pumping Plant is approximately \$175,000. If a standby generator could be acquired through Civil Defense or from other cooperative programs which may be worked out, the District could assure maintenance and operation of the unit as a part of our water supply system.

Another desirable fire control measure would be installation of fire hydrants at every location where the District's aqueduct crosses County roads. These installations would cost approximately \$1,000 each and would be very beneficial for filling tanks, trucks, etc. A cooperative program for financing the purchase and installation of the hydrants could possibly be arranged. Although District funds could not be spent for the initial installations, the District could, once installed, maintain these hydrants as a part of its normal maintenance program.

Another area where the District has contributed to the fire control program in a minor way, is in making available its construction and maintenance equipment and its operating personnel. This was done to a limited extent during the past fire emergencies through coordination with the Civil Defense. However, it seemed that a more positive and definite equipment "pool" program could be organized

which would list all agencies' equipment and assign some priority on call for the equipment.

Although the District is not actually engaged in fire fighting, we trust these few comments will be of some help to you in accomplishing the objectives of the hearing.

Very truly yours,

GORDON W. MILLER,
Chief Engineer.

NAPA COUNTY AIRPORT,
Napa, Calif., April 25, 1966.

Congressman DON H. CLAUSEN,
Santa Rosa, Calif.

DEAR DON: Much has been said about the heavy loss of property and wild life due to fire, that we in Napa and Sonoma counties have suffered over the past two years. No one, however, has been able to come up with a workable solution to combat effectively such wide spread devastation.

Many factors such as mountain ranges with almost inaccessible areas for trucks and ground fire fighting equipment, gives fire a tremendous area from which to spread. Built in high wind conditions created by the fire and extremely low humidity causes conditions whereby all natural fire breaks such as roadways and rivers are rendered almost useless. Burning debris is blown from one hill range to another causing fires to travel faster in most cases than surface vehicles are capable of moving.

Borate bombers in some instances can be used effectively. A heavy concentration of materials applied by aircraft, where they are able to deliver on target, has assisted ground personnel to work around hot spots.

It is not always possible to use aircraft effectively. High, gusty wind conditions makes ground handling of aircraft difficult and at times impossible. Pilots and airplanes take a terrible beating caused by turbulence near the wide spread fire areas.

Many factors hindered the fire fighting last year, from my observation.

(1) Once fire equipment has been dispatched to a given area, no further centralization of control should be tried. Only those within the fire area have a first hand knowledge as to local truck dispatching needs.

(2) Each county should be broken down into one or two square mile areas where feasible with a chief and several assistants assigned as guides to direct fire equipment and personnel to homes, around ditches and fence lines. Many trucks are stranded and out of service for unnecessary periods for lack of knowledge along this line. Fire hydrant locations are also a problem to those people who are sent in from outside areas to assist with fire fighting.

(3) People must resort to helping prevent fire disaster by cutting weeds and grass from around their buildings and making fire trails, providing some local source of water to assist in protecting their buildings. If started in time you may divert a fire around your buildings by backfiring. Much can be done with a small amount of equipment and a little know-how.

(4) The use of observation aircraft with air to ground communications is most important in directing equipment to remote areas. You can fly coverage on many homes with one or two aircraft.

(5) Some of the so called poverty programs should evolve around helping to decrease fire hazards by setting up fire breaks, providing fire fighting equipment and training people to help protect themselves and their property. It is much more practical to spend money to help protect our known fire hazard areas, than to spend money to rebuild and repair a devastated countryside involving thousands of acres.

(6) Airport control towers can be of tremendous assistance in spotting and reporting fires in their early stages. Our Napa County Airport control tower personnel reported to the airport office, the first smoke of our major fire last year. Control tower operators provide a built in safety for any community. Early detection and reporting will give the fire fighting crews a much better chance of controlling a fire before it spreads to vast areas. Likewise, aircraft pilots can and do act as fire spotters. Usually they are within radio range of a control tower or communication station so reporting to proper authorities can be done quickly.

In case of major fires all equipment is taxed beyond covering everyone's needs. This makes it mandatory to resort in part to local community assistance. A volunteer fire fighting crew, trained and having definite plans of attack when disaster strikes would be helpful. Federal money should be made available in this effort.

Respectfully submitted.

WILLIAM L. PARTAIN.

PAUL B. KELLY TIMBER CO.,
Cloverdale, Calif., May 11, 1966.

Congressman DON CLAUSEN,
House Office Building,
Washington, D.C.

DEAR DON: I didn't get back in the afternoon to hear your conclusions of the fire disaster review hearing at the Supervisor's chambers in Santa Rosa last April 29th. The meeting was worth while, Don, and without a doubt achieved a measure of success.

My own conclusion is that we will never gain ground in preventing man caused fires in California, even though we may hold starts at about the same percentage of population they now are. We are dealing with people, moving, shifting people, and these are unmanageable in my opinion. If all conditions remained static for a long enough period of time one could expect a marked gain in fire prevention habits learned through education and experience.

Since I hold a truly pessimistic view regarding gains in fire prevention of man caused fires in California, I conclude that the only way to combat the situation and hold the acreage burned down to a minimum is to have a striking force of fire fighters with capabilities of holding all fires to five acres or less.

It will be said that this can't be done, and I'll agree, with today's equipment and methods. But I maintain that with proper effort applied, a fire suppression force capable of achieving this five acre maximum could be developed. Our country has the capabilities of achieving this in manpower, technology and funds, but none of these are being applied to the problem in sufficient magnitude. I firmly believe that each State could well develop its own needs in this respect if more of our tax money went to the States instead of into the bottomless hole of Federal waste.

Why should our Federal Government spend billions of dollars to "save" some hapless nation half way around the world from something or another when they, their people themselves, do not want to be "saved". It would take a lot of convincing to make me believe those little people want us in their country shooting it up, tearing it down, killing their people, disrupting their economy with severe inflation and its devastating effects. All the while "saving" other peoples and nations, our Government is not willing to "save" its own country, its own people from the many disasters that are controllable—and I believe fire could be controllable, even in the bad fire weather days, with proper and adequate striking power; not with 200 feet of old hose and wet sacks.

Respectfully yours,

STEWART M. SNYDER.

WESTERN LUMBER MANUFACTURERS, INC.,
San Francisco Calif., April 20, 1966.

HON. DON H. CLAUSEN,
House Office Building,
Washington, D.C.

DEAR DON: Thank you for the notice of the Fire Disaster Review Hearing scheduled for April 29 in Santa Rosa. We are reproducing your letter to advise our members that you will be receiving testimony at that time. Unfortunately, I will not be able to attend because I will be traveling to meetings in the East.

Certainly your subject for review is an important one. It is our feeling that the threat of fire loss could be reduced if the forest had a good system of access roads.

Access road needs for California's national forests were outlined in the 10-year program recommended by the Administration in 1962. The F.Y. 1963-F.Y. 1972 plan for California included :

Forest service construction :

Miles, 13,877.

Cost, \$211,606,000.

Timber purchaser construction :

Miles, 5,578.

Cost, \$78,463,000.

Total construction :

Miles, 19,455.

Cost, \$290,069,000.

For the first four years, ending July 1, 1966, the Forest Service estimates that it will have constructed only 312 miles (2% of their share) at a cost of \$13,467,000 (only about 6% of the estimated total planned Forest Service cost). In the same four years, timber purchasers have built 2,662 miles of permanent roads in California national forests (about 48% of their estimated total share).

In 1965, California timber purchasers built 772.9 miles of road at a cost of \$11,257,270, according to Forest Service estimates. At the same time, the Forest Service built 23.6 miles of timber road, 26.5 miles of recreation road and 27.4 miles of other roads, or a total of 77.5 miles at \$5,669,334.

The Public Roads Subcommittee of the House Committee on Public Works (Honorable John C. Kluczynski, Chairman) is currently reviewing the authorizations needed for forest development roads and trails in F.Y. 1968 and 1969. We have urged that there be a substantial increase in the authorizations above the tentatively-planned \$85 million for 1968 and \$110 million for 1969. The roads needed for fire control are among the many justifications for such a request.

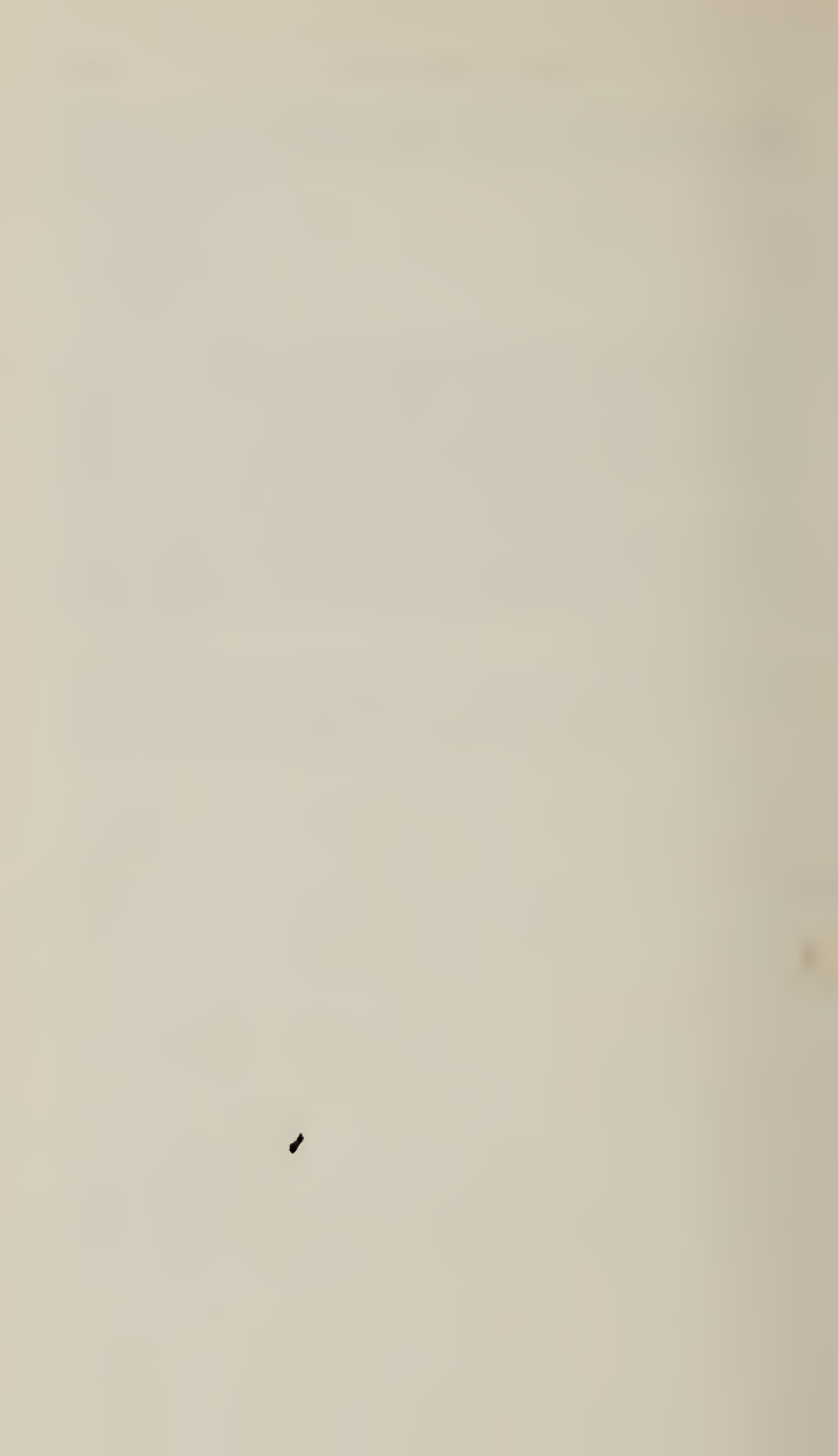
Sincerely,

GEORGE A. CRAIG,
Secretary-Manager.

Mr. KEE. Thank you, Mr. Clausen. Without objection, this committee will now be adjourned.

(Whereupon, at 12:45 p.m., the hearing was adjourned.)





LEGISLATIVE HISTORY

Public Law 89-769
S. 1861

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Index and summary of S. 1861	.1
Digest of Public Law 89-769	.2

INDEX AND SUMMARY OF S. 1861

April	30, 1965	Sen. Bayh introduced and discussed S. 1861 which was referred to S. Public Works Committee. Print of bill and remarks of author.
May	5, 1965	Rep. Culver introduced and discussed H. R. 7902 which was referred to Public Works Committee. Print of bill and remarks of author.
July	12, 1965	Senate committee voted to report S. 1861.
July	15, 1965	Senate committee reported S. 1861 with amendments. S. Report 459. Print of bill and report. Rep. Aspinall introduced H. R. 9885 which was referred to Public Works Committee. Print of bill as introduced.
July	19, 1965	Senate passed over S. 1861.
July	22, 1965	Senate passed S. 1861 as reported.
July	26, 1965	S. 1861 was referred to House Public Works Committee. Print of bill as referred.
Aug.	24, 1966	House subcommittee approved S. 1861.
Sept.	22, 1966	House committee voted to report S. 1861.
Sept.	28, 1966	House committee reported S. 1861 with an amendment. H. Report 2141. Print of bill and report.
Oct.	17, 1966	House passed S. 1861 under suspension of the rules.
Oct.	18, 1966	Senate concurred in House amendment to S. 1861.
Nov.	6, 1966	Approved: Public Law 89-769.

Hearings: H. Public Works on S. 1861, Part 1 and 2.

S. Public Works on S. 1861.

DIGEST OF PUBLIC LAW 89-769

DISASTER RELIEF ACT OF 1966. Authorizes the Department of Agriculture to adjust schedules for payment of principal and interest on Rural Electrification Administration loans when borrower repayment ability has been affected by a major disaster. Amends Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended, by adding a new subsection to provide, in areas which have suffered major disasters, loan and grant assistance to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a major disaster.

S. 1861

APRIL 30, 1965

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Disaster Relief Act of
4 1965”.

6 SEC. 2. As used in this Act, the term “major disaster”
7 means a major disaster as determined by the President pur-

1 suant to the Act entitled "An Act to authorize Federal
2 assistance to States and local governments in major disasters,
3 and for other purposes", approved September 30, 1950, as
4 amended (42 U.S.C. 1855-1855g).

5 FEDERAL LOAN ADJUSTMENTS

6 SEC. 3. (a) The Secretary of Agriculture is authorized
7 to refinance a borrower's indebtedness under programs ad-
8 ministered by the Farmers Home Administration where
9 he finds such refinancing necessary because of property
10 losses sustained by such borrower as a result of a major
11 disaster. Any loan so refinanced may provide for the repair
12 or construction of structures and for the purchase of building
13 sites when the original sites cannot be utilized as a result
14 of such disaster. The interest rate on any loan refinanced
15 under this subsection may be reduced to a rate not less than
16 3 per centum per annum, and the term thereof may be
17 extended for such period as will provide a maturity of not
18 to exceed forty years: *Provided*, That the Secretary may
19 authorize a suspension in the payment of principal and inter-
20 est charges on, and an additional extension in the maturity
21 of, any such loan for a period not to exceed five years if he
22 determines that such action is necessary to avoid severe
23 financial hardship.

24 (b) The Secretary of Agriculture is authorized to re-
25 finance a borrower's indebtedness under programs adminis-

1 tered by the Rural Electrification Administration, where he
2 finds such refinancing necessary because of loss, destruction,
3 or damage of property resulting from a major disaster. The
4 term of such loan may be extended for such period as will
5 provide a maturity of not to exceed forty years: *Provided*,
6 That the Secretary may authorize a suspension in the pay-
7 ment of principal and interest charges on, and an additional
8 extension in the maturity of, any such loan for a period not
9 to exceed five years if he determines that such action is nec-
10 essary to avoid severe financial hardship.

11 (c) The Housing and Home Finance Administrator is
12 authorized to refinance any note or other obligation which is
13 held by him in connection with any loan made by the Hous-
14 ing and Home Finance Agency, or which is included within
15 the revolving fund for liquidating programs established by
16 the Independent Offices Appropriation Act of 1955, where
17 he finds such refinancing necessary because of the loss, de-
18 struction, or damage to property or facilities securing such
19 obligations as a result of a major disaster. The interest rate
20 on any note or other obligation refinanced under this subsec-
21 tion may be reduced to a rate not less than 3 per centum per
22 annum, and the term thereof may be extended for such period
23 as will provide a maturity of not to exceed forty years: *Pro-*
24 *vided*, That the Administrator may authorize a suspension
25 in the payment of principal and interest charges on, and an

1 additional extension in the maturity of, any such loan for a
2 period not to exceed five years if he determines that such
3 action is necessary to avoid severe financial hardship.

4 (d) The Administrator of Veterans' Affairs is authorized
5 to refinance any loan made by the Veterans' Administration
6 where he finds such refinancing necessary because of the loss,
7 destruction, or damage to property securing such loan as the
8 result of a major disaster. The interest rate on any loan
9 refinanced under this subsection may be reduced to a rate not
10 less than 3 per centum per annum, and the term thereof may
11 be extended for such period as will provide a maturity of
12 not to exceed forty years: *Provided*, That the Administrator
13 may authorize a suspension in the payment of principal and
14 interest charges on, and an additional extension in the matu-
15 rity of, any such loan for a period not to exceed five years if
16 he determines that such action is necessary to avoid severe
17 financial hardship.

18 (e) Loans made pursuant to paragraph (1) of section
19 7 (b) of the Small Business Act, as amended (15 U.S.C.
20 636 (b)), for the purpose of replacing, reconstructing, or
21 repairing dwellings damaged or destroyed as a result of a
22 major disaster may have a maturity of not to exceed forty
23 years: *Provided*, That the Administrator of the Small Busi-
24 ness Administration may authorize a suspension in the pay-
25 ment of principal and interest charges on, and an extension

1 in the maturity of, any such loan for a period not to exceed
2 five years, if he determines that such action is necessary to
3 avoid severe financial hardship. The provisions of section
4 7 (c) of such Act shall not be applicable to any such loans
5 which have a maturity in excess of thirty years.

6 (f) The Administrator of the Small Business Adminis-
7 tration may authorize for a period not to exceed five years
8 a suspension in the payment of principal and interest charges
9 on, and an extension in the maturity of, any loan made to
10 small business concerns pursuant to section 636 (a) of the
11 Small Business Act, as amended (15 U.S.C. 636 (a)), if
12 he determines that such action is necessary to avoid severe
13 financial hardship resulting from loss or damage incurred by
14 a major disaster.

15 (g) Such sums as may be necessary to carry out the
16 provisions of this section are hereby authorized to be ap-
17 propriated.

18 REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS

19 SEC. 4. (a) For the purpose of enabling any State which
20 has suffered a major disaster to refinance outstanding home
21 mortgage obligations or other real property liens which are
22 not insured or guaranteed by any Federal agency and which
23 are secured by one- to four-family homes which have been
24 severely damaged or destroyed by such disaster, the Presi-
25 dent is authorized, upon application, to make matching

1 grants to such State on a 75 per centum Federal-25 per
2 centum State participating basis, any funds provided by
3 such State to pay the costs of refinancing such mortgage
4 obligations or real property liens.

5 (b) Any application for a grant under this section
6 shall—

7 (1) be in accordance with a plan submitted by the
8 State, to be approved by the President, for the imple-
9 mentation of the purpose of this section;

10 (2) designate the State agency for carrying out the
11 plan;

12 (3) provide assurances that any loan made for the
13 purpose of refinancing any mortgage obligation, or other
14 real estate lien, shall have a maturity of not to exceed
15 forty years and bear interest at a rate not to exceed 3
16 per centum per annum: *Provided*, That the State agency
17 may authorize a suspension in the payment of principal
18 and interest charges on, and an extension of the maturity
19 of, any such loan for a period not to exceed five years,
20 if it determines that such action is necessary to avoid
21 severe financial hardship;

22 (4) specify that no loan for refinancing the out-
23 standing debt secured by any single property shall exceed
24 \$30,000;

(5) provide assurances that equitable treatment will be accorded to all eligible property owners; and

(6) set forth such further information as the President may by regulation require.

(c) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(d) Each State receiving assistance under this section shall, through its designated State agency, make such reports as the President may require, and each such agency shall, upon request of the President, make available its books and records for audit and examination.

(e) The President may exercise the powers conferred upon him by this section either directly or through such Federal agency as he may designate.

(f) Such sums as may be necessary to carry out the purposes of this section are hereby authorized to be appropriated.

SHELTER FOR DISASTER VICTIMS

SEC. 5. (a) The President is authorized to provide dwelling accommodations for any individual or family whenever he determines—

1 (1) that such individual or family occupied a house
2 (as an owner or tenant) which was destroyed, or
3 damaged to such an extent that it is uninhabitable, as
4 the result of a major disaster; and

5 (2) that such action is necessary to avoid severe
6 hardship on the part of such individual family; and

7 (3) that such owner or tenant cannot otherwise pro-
8 vide suitable dwelling accommodations for himself and/
9 or his family.

10 (b) Such dwelling accommodations, including mobile
11 homes, as may be necessary to meet the need, shall be pro-
12 vided through acquisition, acquisition and rehabilitation, or
13 lease. Dwelling accommodations in such housing shall be
14 made available to any such individual or family for such period
15 as may be necessary to enable the individual or family to
16 find other decent, safe, and sanitary housing which is within
17 his or its ability to finance. Rentals shall be established for
18 such accommodations, under such rules and regulations as the
19 President may prescribe and shall take into consideration the
20 financial ability of the occupant. In cases of financial hard-
21 ship, rentals may be compromised or adjusted for a period
22 not to exceed twelve months, but in no case shall any such
23 individual or family be required to incur a monthly housing
24 expense (including any fixed expense related to the amortiza-

1 tion of debt owing on a house destroyed or damaged in a
2 disaster) which is in excess of 25 per centum of the indi-
3 vidual's or family's monthly income.

4 (c) In the performance of, and with respect to, the
5 powers and duties conferred upon him by this section, the
6 President may—

7 (1) prescribe such rules and regulations as he deems
8 necessary to carry out the purposes of this section;

9 (2) exercise such powers and duties either directly
10 or through such Federal agency or agencies as he may
11 designate;

12 (3) sell or exchange at public or private sale, or
13 lease, any real property acquired or constructed under
14 this section;

15 (4) obtain insurance against loss in connection with
16 any such real property;

17 (5) enter into agreements to pay annual sums in
18 lieu of taxes to any State or local taxing authority with
19 respect to any such real property; and

20 (6) include in any contract or instrument made
21 pursuant to this section, such conditions and provisions
22 as he deems necessary to assure that the purposes of
23 this section will be achieved.

1 (d) Such sums as may be necessary to carry out the
2 provisions of this section are hereby authorized to be appro-
3 priated.

4 FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER
5 LOANS

6 SEC. 6. (a) Section 203 (h) of the National Housing
7 Act is amended to read as follows:

8 “(h) (1) Notwithstanding any other provision of this
9 section, the Commissioner is authorized to insure and to
10 make commitments to insure any mortgage secured by a
11 property upon which there is located a dwelling designed
12 principally for a single-family residence, where the mort-
13 gage is the owner and occupant and establishes (to the
14 satisfaction of the Commissioner) that his house which he
15 occupied as an owner or as a tenant was destroyed or dam-
16 aged to such an extent that reconstruction or replacement
17 is required as a result of a natural disaster determined by
18 the President to be a major disaster pursuant to the Act
19 entitled ‘An Act to authorize Federal assistance to States
20 and local governments in major disasters, and for other
21 purposes’, approved September 30, 1950, as amended (42
22 U.S.C. 1855–1855g).

23 “(2) To be eligible for insurance under this section, a
24 mortgage shall—

25 “(A) not exceed \$20,000; and

1 “(B) not exceed (i) 100 per centum of the ap-
2 praised value of the property, or (ii) the sum of the
3 estimated cost of restoring the property and the Com-
4 missioner’s estimate of the value of the property before
5 restoration: *Provided*, That in no case involving re-
6 financing shall such mortgage exceed the estimated cost
7 of restoring the property and the amount (as determined
8 by the Commissioner) required to refinance existing
9 indebtedness secured by the property;

10 “(C) bear interest (exclusive of premium charges
11 for insurance and service charge, if any) at not less than
12 the annual rate of interest determined, from time to time
13 by the Secretary of the Treasury at the request of the
14 Commissioner, by estimating the average market yield
15 to maturity on all outstanding marketable obligations of
16 the United States, and by adjusting such yield to the
17 nearest one-eighth of 1 per centum; and

18 “(D) provide for complete amortization by periodic
19 payments within such terms as the Commissioner may
20 prescribe, but not to exceed forty years from the be-
21 ginning of the amortization of the mortgage.

22 “(3) The property covered by any mortgage insured
23 under this subsection shall comply with such standards and
24 conditions as the Commissioner may prescribe (having due
25 regard to the purposes sought to be achieved by this sub-

1 section) to establish the acceptability of such property for
2 mortgage insurance.”

3 (b) Section 305 of such Act is amended by adding at
4 the end thereof a new subsection as follows:

5 “(i) Notwithstanding any other provision of this Act,
6 the Association is authorized to make commitments to pur-
7 chase and to purchase, service, or sell, any mortgage which
8 is insured under section 203 (h) of this Act: *Provided*, That
9 the total amount of purchases and commitments authorized
10 by this subsection shall not exceed \$ ”.

11 (c) Section 221 of such Act is amended by striking out
12 “or as a result of governmental action”, in subsections (a)
13 and (f), and inserting in lieu thereof “, as a result of govern-
14 mental action, or as a result of a major disaster as determined
15 by the President pursuant to the Act entitled ‘An Act to
16 authorize Federal assistance to States and local governments
17 in major disasters, and for other purposes’, approved Sep-
18 tember 30, 1950, as amended (42 U.S.C. 1855—1855g)”.

19 EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS
20 ADMINISTERED BY DEPARTMENT OF AGRICULTURE

21 SEC. 7. The Secretary of Agriculture is authorized in the
22 case of any farmer in any area which has suffered a major
23 disaster to reopen or extend, under such terms and condi-
24 tions as he may prescribe, the period prescribed for partici-
25 pating in any program being administered by the Depart-

1 ment of Agriculture, if the Secretary determines that (1)
2 such action is necessary to help such farmer avoid severe
3 financial hardship which has or will likely result from such
4 major disaster, (2) such farmer would have been eligible to
5 participate in such program if he had made timely applica-
6 tion for participation therein, and (3) such action is feasible
7 and will not materially defeat the purpose of such program.

8 DISASTER WARNINGS

9 SEC. 8. (a) The Secretary of Defense is authorized to
10 utilize the facilities of the civil defense communications sys-
11 tem established and maintained pursuant to section 201 (c)
12 of the Federal Civil Defense Act of 1950, as amended (50
13 U.S.C. App. 2281 (c)), for the purpose of providing needed
14 warning to governmental authorities and the civilian popula-
15 tion in areas endangered by imminent natural disasters.

16 (b) There are authorized to be appropriated such sums
17 as may be necessary to carry out the provisions of subsection
18 (a) .

19 ASSISTANCE TO UNINCORPORATED COMMUNITIES

20 SEC. 9. The Act entitled "An Act to authorize Federal
21 assistance to States and local governments in major disasters,
22 and for other purposes", approved September 30, 1950, as
23 amended (42 U.S.C. 1855) , is amended by inserting before
24 the semicolon at the end of section 2 (e) a comma and by
25 adding the following: "and includes any rural community or

1 unincorporated town or village with respect to which the
2 head of the Federal agency concerned determines that (1)
3 there is a need for assistance under this Act, (2) the furnish-
4 ing of such assistance is feasible, and (3) it will be effectively
5 utilized”.

6 Section 306 of the Consolidated Farmers Home Admini-
7 stration Act of 1961, as amended (7 U.S.C. 1926) is
8 amended by adding the following new subsection (c): “In
9 areas which have suffered major disasters the Secretary is
10 authorized, without regard to the limitations of subsections
11 (a) or (b), to make or insure loans to associations, includ-
12 ing corporations not operated for profit and public and quasi-
13 public agencies, for the acquisition, construction, improve-
14 ment, or extension of waste disposal systems and other pub-
15 lic facilities providing for community services in rural areas,
16 when the Secretary determines that such action is necessary
17 for the rebuilding of a community or a portion thereof dam-
18 aged by a disaster. The Secretary is also authorized to
19 make construction grants not to exceed 50 per centum of the
20 cost of waste disposal systems and other public facilities pro-
21 viding for community services in these areas in any case in
22 which repayment of a loan for such purposes from income
23 would require a charge for such service beyond the ability
24 of a majority of the users who might be served thereby to
25 pay such charges and if such charge would exceed 150 per

1 centum of the average cost for such services in comparable
2 communities in the State.

3 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN
4 DISASTER AREAS

5 SEC. 10. (a) The Act of September 23, 1950, Public
6 Law 815, Eighty-first Congress, as amended (20 U.S.C.
7 631-645), is amended by inserting immediately after sec-
8 tion 15 of that Act the following new section:

9 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
10 AREAS

11 "SEC. 16. (a) If the Commissioner determines with
12 respect to any local educational agency that—

13 " (1) (A) such agency is located in whole or in part
14 within an area which has suffered a major disaster, as
15 determined by the President pursuant to section 2 (a) of
16 the Act of September 30, 1950 (42 U.S.C. 1855a (a)),
17 and

18 " (B) the Governor of the State in which such
19 agency is located has certified the need for disaster
20 assistance under this section, and has given assurance
21 of expenditure of a reasonable amount of the funds of
22 the government of such State, or of any political sub-
23 division thereof, for the same or similar purposes with
24 respect to such catastrophe;

25 " (2) public elementary or secondary school facili-

1 ties of such agency have been destroyed or seriously
2 damaged as a result of this major disaster;

3 “(3) such agency is making a reasonable tax effort
4 and is exercising due diligence in availing itself of State
5 and other financial assistance available for the replace-
6 ment or restoration of such school facilities; and

7 “(4) such agency does not have sufficient funds
8 available to it from State, local, and other Federal
9 sources (including funds available under other provi-
10 sions of this Act), and from the proceeds of insurance
11 on such school facilities, to provide the minimum school
12 facilities needed for the restoration or replacement of the
13 school facilities so destroyed or seriously damaged,
14 he may provide the additional assistance necessary to enable
15 such agency to provide such facilities, upon such terms and
16 in such amounts (subject to the provisions of this section)
17 as the Commissioner may consider to be in the public in-
18 terest; but such additional assistance, plus the amount which
19 the Commissioner determines to be available from State,
20 local, and other Federal sources (including funds available
21 under other provisions of this Act), and from the proceeds of
22 insurance, may not exceed the cost of construction incident
23 to the restoration or replacement of the school facilities de-
24 stroyed or damaged as a result of the disaster.

25 “(b) There are hereby authorized to be appropriated

1 for each fiscal year such amounts as may be necessary to
2 carry out the provisions of this section. Pending such ap-
3 propriation, the Commissioner may expend from any funds
4 heretofore or hereafter appropriated for expenditure in ac-
5 cordance with other sections of this Act such sums as may
6 be necessary for immediately providing assistance under
7 this section, such appropriations to be reimbursed from the
8 appropriations authorized by this subsection when made.

9 “(c) No payment may be made to any local educational
10 agency under subsection (a) except upon application there-
11 for which is submitted through the appropriate State educa-
12 tional agency and is filed with the Commissioner in accord-
13 ance with regulations prescribed by him, and which meets
14 the requirements of section 6(b)(1). In determining the
15 order in which such applications shall be approved, the Com-
16 missioner shall consider the relative educational and financial
17 needs of the local educational agencies which have submitted
18 approvable applications. No payment may be made under
19 subsection (a) unless the Commissioner finds, after consulta-
20 tion with the State and local educational agencies, that the
21 project or projects with respect to which it is made are not
22 inconsistent with overall State plans for the construction of
23 school facilities. All determinations made by the Commis-
24 sioner under this section shall be made only after consulta-

tion with the appropriate State educational agency and the local educational agency.

“(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

“(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6 (b) (1), shall apply with respect to this section”.

(b) The Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, is amended by inserting, immediately after section 303 of that Act, the following new section:

“ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN
MAJOR DISASTER AREAS

“SEC. 304. (a) If the Commissioner determines with respect to any local educational agency that—

“(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2 (a) of the Act of September 30, 1950 (42 U.S.C. 1855a (a)), and

1 “(B) the Governor of the State in which such
2 agency is located has certified the need for disaster as-
3 sistance under this section, and has given assurance of
4 expenditure of a reasonable amount of the funds of the
5 government of such State, or of any political subdivision
6 thereof, for the same or similar purposes with respect
7 to such catastrophe; and

8 “(a) such agency is making a reasonable tax effort
9 and is exercising due diligence in availing itself of State
10 and other financial assistance, but as a result of such
11 major disaster it is unable to secure sufficient funds to
12 meet the cost of providing free public education for
13 the children attending the schools of such agency,

14 he may provide to such agency the additional assistance
15 necessary to provide free public education to the children
16 attending the schools of such agency, upon such terms and
17 in such amounts (subject to the provisions of this section)
18 as the Commissioner may consider to be in the public interest.
19 Such additional assistance may be provided for a period not
20 greater than a five-fiscal-year period beginning with the
21 fiscal year in which the President has determined that such
22 area suffered a major disaster. The amount so provided for
23 any fiscal year shall not exceed the amount which the Com-
24 missioner determined to be necessary to enable such agency,
25 with the State, local, and other Federal funds available to

1 it for such purpose, to provide a level of education equivalent
2 to that maintained in the schools of such agency during the
3 last full fiscal year prior to the occurrence of such major
4 disaster. The amount, if any, so provided for the second,
5 third, and fourth fiscal years following the fiscal year in
6 which the President determined that such area has suffered
7 a major disaster shall not exceed 75 per centum, 50 per
8 centum, and 25 per centum, respectively, of the amount so
9 provided for the first fiscal year following such determination.

10 “(b) In addition to and apart from the funds provided
11 under subsection (a), the Commissioner is authorized to
12 provide to such agency an amount which he determines to be
13 necessary to replace instructional and maintenance supplies,
14 equipment, and materials (including textbooks) destroyed
15 or seriously damaged as a result of such major disaster, and
16 to lease or otherwise provide (other than by acquisition of
17 land or erection of facilities) school and cafeteria facilities
18 needed to replace temporarily such facilities which have been
19 made unavailable as a result of the major disaster.

20 “(c) There is hereby authorized to be appropriated for
21 each fiscal year such amounts as may be necessary to carry
22 out the provisions of this section. Pending such appropria-
23 tion, the Commissioner may expend from any funds hereto-
24 fore or hereafter appropriated for expenditure in accordance
25 with other sections of this Act, such sums as may be neces-

1 sary for immediately providing assistance under this section,
2 such appropriations to be reimbursed from the appropriations
3 authorized by this subsection when made.

4 “(d) No payment may be made to any local educa-
5 tional agency under this section except upon application
6 therefor which is submitted through the appropriate State
7 educational agency and is filed with the Commissioner in
8 accordance with regulations prescribed by him. In deter-
9 mining the order in which such applications shall be ap-
10 proved, the Commissioner shall consider the relative educa-
11 tional and financial needs of the local educational agencies
12 which have submitted approvable applications.

13 “(e) Amounts paid by the Commissioner to local edu-
14 cational agencies under this section may be paid in advance
15 or by way of reimbursement and in such installments as the
16 Commissioner may determine. Any funds paid to a local
17 educational agency and not expended or otherwise used for
18 the purposes for which paid shall be repaid to the Treasury
19 of the United States”.

20 HIGHWAY ASSISTANCE IN DISASTER AREAS

21 SEC. 11. (a) Section 120 (f) of title 23 of the United
22 States Code, relating to the Federal share in emergency high-
23 way relief, is amended by inserting before the period at the
24 end of the first sentence a colon and the following: “*And*
25 *provided further*, That the Federal share payable on account

1 of any repair or reconstruction of any Federal-aid highway
 2 necessitated by a major disaster, as determined by the Presi-
 3 dent pursuant to section 2 (a) of the Act of September 30,
 4 1950 (42 U.S.C. 1855a (a)), shall be 100 per centum of
 5 the cost thereof”.

6 (b) Section 125 of title 23 of the United States Code,
 7 relating to emergency highway relief, is amended by striking
 8 out the second sentence and inserting in lieu thereof “There
 9 is authorized to be appropriated not to exceed \$ for
 10 the fiscal year ending June 30, 1965, and not to exceed
 11 \$ for each fiscal year thereafter for the purposes of
 12 such fund”.

13 REIMBURSEMENT FOR NECESSARY EMERGENCY FLOOD
 14 PROTECTION

15 SEC. 12. In the case of any individual, partnership,
 16 corporation, or other entity, which has requested proper
 17 local governmental authorities to provide protection against
 18 flooding in major disaster areas, and which has incurred
 19 emergency expenditures for the purpose of preventing dam-
 20 age from such flooding, and which expenditures were necessi-
 21 tated by the inability or failure of local governmental authori-
 22 ties to provide such protection, the Office of Emergency
 23 Planning is authorized, upon certification by proper local
 24 governmental authorities that such protection would have

1 been provided except for contingencies caused by the emer-
2 gency, to reimburse such individual, partnership, corporation,
3 or other entity not to exceed 50 per centum of the total cost
4 expended for such protection against flooding.

A BILL

To provide additional assistance for areas suffering a major disaster.

By Mr. BAYH, Mr. BARTLETT, Mr. BURDICK, Mr. CLARK,
Mr. DIRKSEN, Mr. DOUGLAS, Mr. GRUENING, Mr.
HART, Mr. HARTKE, Mr. INOUYE, Mr. JACKSON, Mr.
KENNEDY of Massachusetts, Mr. KOCHER, Mr.
LAUSCHE, Mr. LONG of Missouri, Mr. MAGNUSON,
Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCGEE, Mr.
McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MON-
DALE, Mr. MORSE, Mr. NELSON, Mrs. NEUBERGER,
Mr. PROXMIRE, Mr. RANDOLPH, Mr. RUBIOFF, Mr.
SMATHERS, Mr. SYMINGTON, Mr. TYDINGS, Mr.
YARBOROUGH, and Mr. Young of Ohio

APRIL 30, 1965

Read twice and referred to the Committee on Public
Works

Mr. CLARK. Mr. President, I am amused at an anecdote Mr. Morgenthau tells at the beginning of his communication, which so clearly shows the limitations of the type of invective customarily displayed by Mr. Alsop. It is about an ignorant peasant in medieval times, who, although he did not understand Latin, used to sit and listen to the disputations of learned men on the philosophical and political problems of the day. He was asked by a friend why, not being able to understand a word the erudite gentlemen were saying, he always sat in on the disputations. He replied, "Because I want to find out who is right." His friend said, "Since you cannot understand a word they say, how do you know who is right?"

"Oh," he said, "I can always tell. Whoever gets angry first is wrong."

Continuing with keen logic, Mr. Morgenthau, to my way of thinking, completely rebuts the unsound position which Mr. Alsop has taken. I leave it to readers of the Congressional Record as to whether they think Mr. Alsop or Professor Morgenthau is right. I have no doubt in my own mind as to which one is correct.

Mr. Alsop is reluctantly leaving the Washington scene to go abroad, in order to pursue his inquiry with respect to our foreign policy and, no doubt, to reinforce his own already well publicized views on that subject. As his valedictory before he leaves, he has had published in the Washington Post of this morning a column entitled "American Ferment." I ask unanimous consent that the column be printed at this point in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

MATTER OF FACT: THE AMERICAN FERMENT

(By Joseph Alsop)

This is a bad moment to be leaving Washington. The wisteria is about to blossom; Lyndon B. Johnson is about to pass another miracle; and the new appeasers are about to have another conniption fit.

No one who savors experience can wish to miss these spectacles, with all their delight, wonderment and bizzarerie. The time has come, nonetheless, to go and have another look overseas; and the moment of parting, with all its mingled regrets, also seems a good moment for stocktaking.

Taking stock of the American condition at this juncture is not an easy task. Maybe the best way to begin is to quote an astute observer, Karl E. Meyer, of the Washington Post, who recently summed up his 9 years' experience in Washington on leaving for a new assignment in London. He wrote in that not very pro-American periodical, the British New Statesman and Nation:

"What has impressed me most is the extent to which a cumbersome system of government actually works—not perfectly but surprisingly well. * * * One is continually impressed by popular perception of the broad lines of foreign affairs." And a little later, Meyer sums up:

"Those civic virtues that were tested a century ago—belief in law, the equality of man, and the integrity of the Nation—are more relevant than ever in a disordered world. One feels profoundly that the words of Tom Paine in 1776 retain the force of truth—that 'the cause of America is in great measure the cause of all mankind.'"

To borrow Meyer's words is perhaps self-indulgent. But the temptation is too great when one sees the mainspring of one's own abiding faith, the few and simple ideas that give meaning to life and work, so neatly and concisely summed up by an experienced man who sees life from a greatly different angle of vision.

But if this is really where we stand, you may well ask, what is there to worry about? The answer is that we have entered a new phase of ferment and change, which wants a lot of thinking about and even worry about by all concerned.

For an American who cares about "the cause of America" remaining "the cause of all mankind," the thing to worry about until last election day was the prevalence of a mean, sordid, and backward-looking spirit and frame of mind, that falsely claimed the honorable title of "conservatism." With a strong assist from Senator Barry Goldwater, the pendulum has now swung so far, however, that we are in a quite new phase.

In this new phase, the loudest noises are coming from the left, and since noise on the left always means change, the new phase, if we have any luck at all, should be more creative than its predecessor. Some of the noises are a bit disconcerting, all the same, because the new American left has recently been developing some tendencies that may later seem almost as regrettable as the boobish party-lining of the thirties.

There is, first of all, the tendency to want the United States to go out of business as a great power. This program, generally presented as fitting our commitments to our capabilities, is nowadays presented as noble, progressive, and high-minded.

It is bolstered by long expositions of Asian problems by persons who have never been there, or, if there, have never bothered to read Asian history.

This sort of thing, with its implied inattention to hard facts, is much too like the kind of leftwing thought about foreign affairs that made trouble once before. It is time to remember that earlier trouble, and it is also time to remember that the shadow of Nazi tyranny was not lifted from the world because the United States went out of business as a great power.

The breast beating and fact ignoring about foreign problems is perhaps linked to the other leftwing tendency which is beginning to be worrying. Besides valuing slogans for slogans sake, the new left seems to value emotions for emotions' sake. On any subject, if your feelings are noble, "engaged" and favorable to the common man, that seems to be good enough nowadays.

But it is never good enough. Great social questions at home, like great problems of foreign policy abroad, can only be solved by tedious examination of the practical facts. Something is beginning to be done about poverty, not because people were emotional about it, but because Michael Harrington and Dwight MacDonald were factual about it.

There are many other fronts on which we should be moving forward at home, just as there are many other problems besides Vietnam abroad. But bluebooks, not protest marches, are the best means of forward movement in most cases. Facts are the grand stimuli which make our "cumbersome system of Government actually work."

Mr. CLARK. In the course of his column, Mr. Alsop suggests that certain citizens, whom he describes as being on the left and making the loudest noise, are developing some tendencies that may later seem almost as regrettable as what, with a slip from his usually impeccable Harvard English, he refers to as the "Boobish party lining of the 1930's."

Mr. Alsop suggests that some of these

people are on what he calls the left. I do not know whether I am left, center, or right. However, I happen to believe in the point of view which Mr. Alsop was criticizing. He suggests that there is a tendency to want the United States to go out of business as a great power.

This program, generally presented as fitting our commitments to our capabilities, is nowadays presented as noble, progressive, and high-minded, he says.

I do not know of anyone in the United States who wants the U.S. Government to go out of business as a great power. I do not think that Mr. Alsop could document his charge in any way whatever.

There are some of us who do not want the United States to escalate the war in South Vietnam to the point at which we would find ourselves opposed by a united China and Russia and confronted with World War III on a nuclear basis. That would be a course, in my judgment, to which the opinions of Mr. Alsop, if adopted—and I am confident they will not be—would almost certainly lead us.

Mr. Alsop then says that these expositions on Asian problems are by persons who have never been there, or, if they have, the individuals writing them have never bothered to read any Asian history.

Mr. Morgenthau, incidentally, has been in Asia. He has read deeply about Asian problems. In my opinion, he knows far more about them than does Mr. Alsop.

Mr. Alsop then suggests that the trouble with anyone who does not agree with him is that they are not interested in the facts. I suggest with all humility that some of us who disagree with Mr. Alsop have paid a good deal more attention to the facts than he. He suggests that blue books and not protest marches are the best means of forwarding the movement in both cases. The facts are the grand stimuli, he says, which make our cumbersome system of government actually work.

I quite agree. Those of us who have been critical of the Goldwater program and the Dulles program thought we were dealing with facts. We thought that we were persuading an overwhelming majority of the American people to agree with us that the facts were on the side of the Democratic Party and its candidates for Congress, the Vice-Presidency, and the Presidency of the United States.

I think we were. I hope that in due course the President and the Secretary of State, whom I say again that I support, will take another look at the course on which they are headed, repudiate the policy of John Foster Dulles and Barry Goldwater and Joseph Alsop, and return to those sound principles which were the basis of the President's campaign for election and the heritage he received upon his succession to the Presidency after the tragic assassination of President Kennedy.

I appeal, too, for a calm consideration of the facts—facts which have been well laid out for all to see, by columnists, and, if I may say so, by Senators and Representatives, with far more objectivity and far less emotion than Mr. Alsop displays.

I refer to Mr. Morganthau's communication which I have just requested to have printed in the RECORD, for a complete demolition of Mr. Alsop's alleged erudition on the subject of Asian history. It is true that Mr. Alsop has read much Asian history. It is true that for a while during World War II he was in China and served as the aide de camp to General Claire L. Chennault. He also served in other capacities, and, very much to his credit, he was a brave and loyal soldier.

I suspect that Mr. Alsop's reading of history brings him out with an unsound judgment and misapprehension of what the history of Asia is. This has been pretty well established by Mr. Morganthau in the article which I have just introduced.

In the long, hard, and anxious days which lie ahead, I have every confidence that the President of the United States will lead us into the paths of peace and to a return to negotiated diplomacy and a rejection of military dominance in the conduct of our foreign affairs.

Mr. President, I yield the floor.

ADDITIONAL ASSISTANCE FOR AREAS SUFFERING A MAJOR DISASTER

Mr. BAYH. Mr. President, I introduce, for appropriate reference, a bill to provide for additional assistance for areas suffering a major disaster and I ask unanimous consent that the bill be printed in the RECORD, and that it be held at the desk until next Tuesday, May 4, so that other Senators who may wish to do so may cosponsor it.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and held at the desk, as requested by the Senator from Indiana.

The bill (S. 1861) to provide additional assistance for areas suffering a major disaster, introduced by Mr. BAYH (for himself and other Senators), was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

By Mr. BAYH (for himself, Mr. BARTLETT, Mr. BURDICK, Mr. DIRKSEN, Mr. DOUGLAS, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. INOUE, Mr. KENNEDY of Massachusetts, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCCARTHY, Mr. McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MORSE, Mr. NELSON, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SMATHERS, Mr. SYMINGTON, Mr. TYDINGS, Mr. YOUNG of Ohio.)

S. 1861

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1965".

DEFINITIONS

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Farmers Home Administration where he finds such refinancing necessary because of property losses sustained by such borrower as a result of a major disaster. Any loan so refinanced may provide for the repair or construction of structures and for the purchase of building sites when the original sites cannot be utilized as a result of such disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(b) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Rural Electrification Administration, where he finds such refinancing necessary because of loss, destruction, or damage of property resulting from a major disaster. The term of such loan may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) The Housing and Home Finance Administrator is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Housing and Home Finance Agency, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(d) The Administrator of Veterans' Affairs is authorized to refinance any loan made by the Veterans' Administration where he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(e) Loans made pursuant to paragraph (1) of section 7(b) of the Small Business Act, as amended (15 U.S.C. 636(b)), for the purpose of replacing, reconstructing, or repairing dwellings damaged or destroyed as a result of a major disaster may have a maturity

of not to exceed forty years: *Provided*, That the Administrator of the Small Business Administration may authorize a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any such loan for a period not to exceed five years, if he determines that such action is necessary to avoid severe financial hardship. The provisions of section 7(c) of such Act shall not be applicable to any such loans which have a maturity in excess of thirty years.

(f) The Administrator of the Small Business Administration may authorize for a period not to exceed five years a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any loan made to small business concerns pursuant to section 636(a) of the Small Business Act, as amended (15 U.S.C. 636(a)), if he determines that such action is necessary to avoid severe financial hardship resulting from loss or damage incurred by a major disaster.

(g) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS

SEC. 4. (a) For the purpose of enabling any State which has suffered a major disaster to refinance outstanding home mortgage obligations or other real property liens which are not insured or guaranteed by any Federal agency and which are secured by one- to four-family homes which have been severely damaged or destroyed by such disaster, the President is authorized, upon application, to make matching grants to such State on a 75 per centum Federal—25 per centum State participating basis, any funds provided by such State to pay the costs of refinancing such mortgage obligations or real property liens.

(b) Any application for a grant under this section shall—

(1) be in accordance with a plan submitted by the State, to be approved by the President, for the implementation of the purpose of this section;

(2) designate the State agency for carrying out the plan;

(3) provide assurances that any loan made for the purpose of refinancing any mortgage obligation, or other real estate lien, shall have a maturity of not to exceed forty years and bear interest at a rate not to exceed 3 per centum per annum: *Provided*, That the State agency may authorize a suspension in the payment of principal and interest charges on, and an extension of the maturity of, any such loan for a period not to exceed 5 years, if it determines that such action is necessary to avoid severe financial hardship;

(4) specify that no loan for refinancing the outstanding debt secured by any single property shall exceed \$30,000;

(5) provide assurances that equitable treatment will be accorded to all eligible property owners; and

(6) set forth such further information as the President may by regulation require.

(c) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(d) Each State receiving assistance under this section shall, through its designated State agency, make such reports as the President may require, and each such agency shall, upon request of the President, make available its books and records for audit and examination.

(e) The President may exercise the powers conferred upon him by this section either directly or through such Federal agency as he may designate.

(f) Such sums as may be necessary to carry out the purposes of this section are hereby authorized to be appropriated.

SHELTER FOR DISASTER VICTIMS

SEC. 5. (a) The President is authorized to provide dwelling accommodations for any individual or family whenever he determines—

(1) that such individual or family occupied a house (as an owner or tenant) which was destroyed, or damaged to such an extent that it is uninhabitable, as the result of a major disaster; and

(2) that such action is necessary to avoid severe hardship on the part of such individual family; and

(3) that such owner or tenant cannot otherwise provide suitable dwelling accommodations for himself and/or his family.

(b) Such dwelling accommodations, including mobile homes, as may be necessary to meet the need, shall be provided through acquisition, acquisition and rehabilitation, or lease. Dwelling accommodations in such housing shall be made available to any such individual or family for such period as may be necessary to enable the individual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance. Rentals shall be established for such accommodations, under such rules and regulations as the President may prescribe and shall take into consideration the financial ability of the occupant. In cases of financial hardship, rentals may be compromised or adjusted for a period not to exceed twelve months, but in no case shall any such individual or family be required to incur a monthly housing expense (including any fixed expense related to the amortization of debt owing on a house destroyed or damaged in a disaster) which is in excess of 25 per centum of the individual's or family's monthly income.

(c) In the performance of, and with respect to, the powers and duties conferred upon him by this section, the President may—

(1) prescribe such rules and regulations as he deems necessary to carry out the purposes of this section;

(2) exercise such powers and duties either directly or through such Federal agency or agencies as he may designate;

(3) sell or exchange at public or private sale, or lease, any real property acquired or constructed under this section;

(4) obtain insurance against loss in connection with any such real property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any such real property; and

(6) include in any contract or instrument made pursuant to this section, such conditions and provisions as he deems necessary to assure that the purposes of this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

FHA INSURED DISASTER LOANS

SEC. 6. (a) Section 203(h) of the National Housing Act is amended to read as follows:

"(h)(1) Notwithstanding any other provision of this section, the Commissioner is authorized to insure and to make commitments to insure any mortgage secured by a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his house which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction or replacement is required as a result of a natural disaster determined by the President to be a major disaster pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved

September 30, 1950, as amended (42 U.S.C. 1855-1855g).

"(2) To be eligible for insurance under this section, a mortgage shall—

"(A) not exceed \$20,000; and

"(B) not exceed (i) 100 per centum of the appraised value of the property, or (ii) the sum of the estimated cost of restoring the property and the Commissioner's estimate of the value of the property before restoration: *Provided*, That in no case involving refinancing shall such mortgage exceed the estimated cost of restoring the property and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property;

"(C) bear interest (exclusive of premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum; and

"(D) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the beginning of the amortization of the mortgage.

"(3) The property covered by any mortgage insured under this subsection shall comply with such standards and conditions as the Commissioner may prescribe (having due regard to the purposes sought to be achieved by this subsection) to establish the acceptability of such property for mortgage insurance."

(b) Section 305 of such Act is amended by adding at the end thereof a new subsection as follows:

"(1) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage which is insured under section 203(h) of this Act: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$——."

(c) Section 221 of such Act is amended by striking out "or as a result of governmental actions", in subsections (a) and (f), and inserting in lieu thereof "as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)".

EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS ADMINISTERED BY DEPARTMENT OF AGRICULTURE

SEC. 7. The Secretary of Agriculture is authorized in the case of any farmer in any area which has suffered a major disaster to reopen or extend, under such terms and conditions as he may prescribe, the period prescribed for participating in any program being administered by the Department of Agriculture, if the Secretary determines that (1) such action is necessary to help such farmer avoid severe financial hardship which has or will likely result from such major disaster, (2) such farmer would have been eligible to participate in such program if he had made timely application for participation therein, and (3) such action is feasible and will not materially defeat the purpose of such program.

DISASTER WARNINGS

SEC. 8. (a) The Secretary of Defense is authorized to utilize the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian popu-

lation in areas endangered by imminent natural disasters.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a).

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 9. The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and by adding the following: "and includes any rural community or unincorporated town or village with respect to which the head of the Federal agency concerned determines that (1) there is a need for assistance under this Act, (2) the furnishing of such assistance is feasible, and (3) it will be effectively utilized".

Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926) is amended by adding the following new subsection (c): "In areas which have suffered major disasters the Secretary is authorized, without regard to the limitations of subsections (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed 150 per centum of the average cost for such services in comparable communities in the State.

ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN DISASTER AREAS

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting, immediately after section 15 of that Act the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 16. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe;

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities; and

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and

from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged,

he may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which the Commissioner determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to this section."

(b) The Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, is amended by inserting, immediately after section 303 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS

"Sec. 304. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a (a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the

government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe; and

"(a) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency,

he may provide to such agency the additional assistance necessary to provide free public education to the children attending the schools of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five fiscal year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determined to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

"(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

"(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

"(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States."

HIGHWAY ASSISTANCE IN DISASTER AREAS

SEC. 11. (a) Section 120(f) of title 23 of the United States Code, relating to the Federal share in emergency highway relief, is amended by inserting before the period at the end of the first sentence a colon and the following: "And provided further, That the Federal share payable on account of any repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a (a)), shall be 100 per centum of the cost thereof."

(b) Section 125 of title 23 of the United States Code, relating to emergency highway relief, is amended by striking out the second sentence and inserting in lieu thereof "There is authorized to be appropriated not to exceed \$_____ for the fiscal year ending June 30, 1965, and not to exceed \$_____ for each fiscal year thereafter for the purposes of such fund."

REIMBURSEMENT FOR NECESSARY EMERGENCY FLOOD PROTECTION

SEC. 12. In the case of any individual, partnership, corporation, or other entity, which has requested proper local governmental authorities to provide protection against flooding in major disaster areas, and which has incurred emergency expenditures for the purpose of preventing damage from such flooding, and which expenditures were necessitated by the inability or failure of local governmental authorities to provide such protection, the Office of Emergency Planning is authorized, upon certification by proper local governmental authorities that such protection would have been provided except for contingencies caused by the emergency, to reimburse such individual, partnership, corporation or other entity not to exceed 50 per centum of the total cost expended for such protection against flooding.

Mr. BAYH. Mr. President, within the past 12 months, various sections of our Nation have experienced enormous losses of life and property as a result of earthquakes, tidal waves, floods, hurricanes, tornadoes and other natural disasters.

In March of 1964, the State of Alaska was devastated by an earthquake. Yesterday, barely a year later, an earthquake—fortunately not as severe as the Alaska earthquake—struck the State of Washington. Between these two events there have been disasters of varying magnitude in nearly all corners of our Nation.

On Palm Sunday, tornadoes ravaged Indiana and portions of Michigan, Illinois, and Ohio. On the heels of this terrible storm came floodwaters in Illinois, Iowa, Minnesota, Missouri, and Wisconsin.

I wish I were able to predict with certainty that there would be no other disaster. However, that would be folly. It would be folly even to attempt to predict the scope of future disasters, for although estimates of the damages of the recent storms to which I have referred are still being made, it seems clear that total damages in the Midwestern States will be of such magnitude as to be recorded as one of the worst calamities from natural causes to strike our Nation in the last 50 years.

When we consider the period starting with the Alaskan earthquake and ending with the Washington earthquake of only a few hours ago, it is difficult to remember when so much destruction befell so

broad an area of our country in so short a period of time.

The present law generally provides adequate assistance from the Federal Government to our States and our communities regarding public property losses.

In speaking for myself and some two-score of my colleagues, there is a great and immediate need to expand existing law so the Government may provide assistance to individual citizens in the declared disaster areas who lose their homes, businesses, farm buildings, and other general property.

In thousands of cases, individuals in disaster areas lose everything except their mortgage obligations which they had on the property which no longer exists. Many have the painful choice of facing a future of almost insurmountable financial hardship, or permitting foreclosure on their property.

Immediately after the tornado struck across northern Indiana, I joined my senior colleague and members of the congressional delegation from Indiana, with the President of the United States, in visiting some of the disaster areas. A few days later I returned for a more specific tour of the entire tornado disaster area.

The President was obviously stunned by what he saw. The Governor of Indiana, Mr. Roger D. Branigin, said that it looked like photographs he had seen of Hiroshima after that city had been struck by an atomic bomb.

What all of us saw was a scene of total destruction. It was as if some senseless giant hand had smashed down and flattened everything beneath it. Homes, schools, hospitals, and churches were splintered as if they had been constructed of match sticks rather than of brick, mortar, and steel.

The hospitals were filled with the suffering. In one place I had the unfortunate opportunity to visit, a father who had lost a leg in the storm was wheeling himself along a corridor to tell his injured 10-year-old daughter that her mother had just died. Their 15-year-old son was in the hospital. One family of five members was swept half a mile to be dashed to death in a matter of seconds.

Similar tales could be told again and again. The nurse who was attending the man to whom I have referred had lost her husband and did not know whether her young son was going to survive his injuries. But she said to me, as I recall, "We must go on. We must do what we can."

That is what the people of Indiana have been doing, as have other areas affected by the disaster.

Upon comparing the progress that had been made between the time the President visited in northern Indiana and the second visit I made, the progress that the people had made to restore the damage, despite some insurmountable obstacles, was almost unbelievable.

Mr. President, there is no way that we can restore the lives of the 134 persons who perished in Indiana's tornadoes. We cannot relieve the grief and suffering over the loss of their loved ones.

There is no way we can ease the pain of those who were injured.

I have never seen anything like it. Some of the effects looked like the result of bombardments. Straw, wood, and broken glass struck with the force of a bombardment.

It seems to me, in spite of our inability to deal with the losses or the pain, there is much we can do for those whose future is made all the more bleak in Indiana and other disaster stricken States by the fact that they must look forward to a future of financial hardship.

Many of those who have lost their homes and property were covered by insurance—but only partially. In the disaster-prone areas, the cost of disaster insurance is prohibitive to many. Some can borrow, but at best this would mean a new mortgage in addition to the one they must yet pay on homes or business establishments that, in numerous cases, no longer exist. Many who were formerly in a position to borrow through normal financial channels lost most of their collateral with which to obtain private loans.

I am convinced that recent disasters make it abundantly clear that there is a great and pressing need for legislation to provide equitable relief for losses incurred by individual citizens, farmers, and businessmen who have been struck by disaster.

Mr. President, since Palm Sunday, a series of meetings has been conducted by Midwestern Senators or Representatives from the States that were affected. Fifteen of those Senators and 12 Senators from other areas of the country have joined to introduce today a comprehensive bill designed not only to provide relief in disaster areas, but also to look into inequities which presently exist in the public sector.

None of us contends that this bill would meet every need of every individual in a disaster area. Nor do we suggest that the bill cannot be strengthened, improved, or refined. But, I emphasize, we agree that the bill points the way toward adoption of much-needed legislation. It matters not to any of us which procedures are followed to secure consideration and passage of legislation for additional disaster relief. The important thing is results. The important thing is swift action so that relief may be provided for citizens who, despite the calamities that have befallen them, have retained their hope, their faith, and their will to surmount adversity.

Briefly referring to the general subjects covered in the bill, let me summarize very quickly. We are giving additional authority to agents of the Federal Government which now have authority to loan money to refinance on more liberal terms if an area is struck by disaster, terms which would range for as long as 40 years, with interest rates as low as 3 percent. In addition, we give discretion to the Administrator by which interest and principle in certain cases of severe hardship could be waived for as long as 5 years, with the understanding that the same payment would be tagged onto the end of the existing agreement.

The Small Business Administration is given additional authority to have this moratorium applied to business loans which it previously made.

We also provide for a disaster fund for non-Federal insured loans—those loans which are not insured by the agencies previously referred to—the Farmers Home Administration, the Housing and Home Finance Agency, the Veterans' Administration, and the Small Business Administration—to enable some relief to be given where loss of property financed by this type of loan is involved.

We suggest that this fund be made up on a matching basis, 75 percent to be contributed by the Federal Government, and 25 percent to be contributed by the State, to assure that there will be State participation and initiative. Relief would be granted with respect to such loans in similar fashion as those insured by the Federal Government.

This is extremely important as I look at those who are in need. There should be provision for adequate housing facilities for these victims, who presently are without any homes, and who are living in managers, or in the back ends of churches, or other such places.

It has been brought to my attention that vacant houses exist in some communities where a part has been struck by tornadoes. We provide that the Federal Government, in the event of disaster, may rent, or, if necessary, but, with the intention of subsequently renting, such empty houses to provide temporary emergency housing facilities for victims of the disaster. We provide that the rates of rental for the facilities should be based on those similar to the public housing law; namely, on ability of the individual to pay. In certain hardship cases, we provide that the Administrator of such law would have discretion to waive any rental whatsoever for a period not to exceed 1 year. We give the FHA more authority and additional funding power to insure new loans necessary to rebuild in disaster areas.

We urge the Secretary of Agriculture to reopen or extend the time limitation which exists for citizens to sign up and participate in the various farm programs, feeling that this would be a great help in the areas involved. We ask the Secretary of Defense and the Director of Civil Defense to utilize the existing communication systems of civil defense to warn governmental authorities and individuals of impending natural disasters, just as the structures which are presently constructed would warn of impending military disaster.

We provide that in the event of disaster, that unincorporated communities, rural communities, or small towns may take advantage of certain Federal programs to build community facilities and provide for as much as a 50 percent grant on the part of the Federal Government in certain hardship cases.

I compliment the Presiding Officer, the junior Senator from New Mexico [Mr. MONTOYA], for taking the lead in this field to provide the same kind of facility to people all over the country in the event there is no disaster.

I hope that the distinguished junior Senator from New Mexico will permit me to join him in this measure, which is not confined to disasters. I believe that it is much needed. I also feel that in the interim we should provide this measure at the minimum to small communities affected by disaster.

We provide for additional relief in the event of the destruction of schools. Funds are now available under the auspices of OEP for minimum amounts of reconstruction if a school is blown away. Equipment within the school and school books blown away cannot be financed by grant from the Federal Government. We all know that equipment and school books are as important as the building itself. Also, some additional funds for the maintenance and operation of schools in hardship cases, in the event of disaster.

Finally, we ask that Congress take another hard look at the validity of the present disaster program in the area of highways.

The present disaster provision provides that if a Federal-State highway is destroyed in a disaster, the Federal Government will participate in its reconstruction to the same percent it contributed to its construction—that is, the A-B-C kind of highway. This means that in most highways of this kind there is a 50-50 matching agreement. The State would therefore be required to match dollar for dollar each dollar which the Federal Government would provide for the reconstruction of the highway.

On the surface, this sounds just, until we realize that in a time of national emergency or local disaster, all available State funds are required to rebuild local and State roads, bridges, and highways which have been swept away by the same disaster that destroyed the Federal-State highway facility.

We suggest in our measure that more equitable treatment would be provided if the Federal Government would bear the cost of replacement in toto, so that total State funds could then be used to restore State and local facilities which have been destroyed.

I hope that the committee, and subsequently Congress, will give this subject thorough consideration. I feel that the time has come to review the provisions of the disaster legislation. It is unfortunate that it requires a series of tragedies to arouse sufficient congressional interest.

Let us take advantage of this horrible opportunity—if I may describe it that way—to rectify the shortcomings which exist in the present disaster law, so that those who are struck by disaster, unannounced, unaware, dispossessed of all that they own, and caused to suffer great loss in property and pain and suffering otherwise, may be given the opportunity better to help themselves to restoration.

Let me close with one comment: This morning, I consulted with the distinguished Senator from Alaska [Mr. GRUENING], with reference to a letter which he had written, before cosponsoring the bill, in which he pointed out that he felt the least we should do—when we

deal with earthquakes and disasters in faraway countries, such as we have in Chile on a grant basis at three-quarters of 1 percent interest—is to do something more to liberalize the treatment which the citizens of this country receive, in the event a disaster should befall them. Mr. President, I yield the floor.

MIDDLE WEST FLOODS AND PACIFIC NORTHWEST QUAKE ONCE AGAIN DEMONSTRATE THE NEED FOR FEDERAL DISASTER LEGISLATION

Mr. BARTLETT. Mr. President, I have recently returned from my State of Alaska. There I found the most profound sympathy for the plight of the people of the Middle Western States currently being victimized by massive Mississippi River system flooding.

The people of my State are familiar with natural disasters. Floods and earthquakes have long been phenomena with which Alaskans have had to live.

As in the case of the west coast floods of December and January last, this most recent news together with news of a severe earth tremor in the Pacific Northwest demonstrates the urgent need for some more comprehensive national disaster legislation. Once again, as happened in the case of Alaska last spring and in the case of California, Oregon, Washington, and Idaho this last winter, Senators and Congressmen from the affected disaster stricken areas have had to put together emergency legislation and press it through the congressional grist mills. It is inevitable that such hastily drafted legislation will be found to have both technical and practical defects.

On March 18, I addressed the Senate on the subject of the lessons learned from the great Alaska earthquake. I pointed out that the Federal Reconstruction and Development Planning Commission for Alaska, headed by the distinguished senior Senator from New Mexico [Mr. ANDERSON], had, at the conclusion of its work, made certain recommendations for improvement of the ability of the Federal Government to respond to disaster.

These included, among others, recommendations for revision of Public Law 81-875, the Federal Disaster Act. In my remarks on March 18, I reported that a three-part study by the Office of Emergency Planning of ways in which the Public Law 81-875 could be improved was currently going on. And I told the Senate that my contacts with the Office of Emergency Planning indicated that the Senate could, in the relatively near future expect some recommendations from the President for improvements.

Now we have another disaster which, without the promised improvements in Public Law 81-875 and the much-needed review of related statutes, must once again be handled by special legislation. In the same week that the Senate passed S. 327, the omnibus disaster bill dealing with winter floods in Oregon, Washington, California, and Idaho, the junior Senator from Minnesota [Mr. MONDALE] for himself and the senior Senator from Minnesota [Mr. MCCARTHY] introduced an omnibus disaster bill (S. 1793) to cover

the current flood disaster in the upper Midwest. The following day the senior Senator from Wisconsin [Mr. PROXMIRE] for himself and the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. MONDALE], the Senator from Iowa [Mr. MILLER], the Senator from Wisconsin [Mr. NELSON], and the Senator from Missouri [Mr. LONG], introduced a bill (S. 1795) to provide special disaster relief to certain persons covered by the Consolidated Farmers Home Administration Act of 1961. Immediately thereafter, for himself and the Senator from Illinois [Mr. DOUGLAS], the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. MONDALE], the Senator from Missouri [Mr. LONG], and the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Wisconsin [Mr. PROXMIRE] introduced legislation—S. 1796—to amend the Small Business Act so as to provide additional assistance for disaster victims.

Not being unfamiliar with existing Federal disaster legislation, Mr. President, I understand with some intimacy the problems for which my colleagues are now trying to find solutions. I support their legislative proposals with enthusiasm for I know how absolutely necessary Federal assistance is to the victims of major natural disasters. As in the case of the Alaska omnibus bill—S. 2881—of last spring, Mr. President, and as in the case of the west coast disaster bill of this year—S. 327—these legislative proposals must be passed by the Congress in order that thousands of individual disaster victims and scores of flooded communities may be assisted in their efforts to rebuild and redevelop.

At the same time, Mr. President, I again point out that such stopgap legislation, however necessary at the time, only demonstrates the need for major amendments to existing Federal legislation.

More than just a revision of Public Law 81-875 is necessary. Amendments are needed to Farmers Home Administration legislation, Rural Electrification Administration legislation, Housing and Home Finance Administration legislation, Veterans' Administration legislation, the Small Business Act, Federal Housing Administration legislation, Department of Agriculture legislation, Federal aid highways legislation, and civil defense legislation.

For this reason I have joined with other Senators in sponsoring the proposal of the junior Senator from Indiana [Mr. BAYH] for legislation in all of these areas.

As Senator BAYH's proposals are considered by the Congress let us hope that we will have the comments of the affected executive agencies in order that we may have the benefit of their experience in administering existing natural disaster legislation. I know that the sponsors of S. 1861 will welcome suggestions for altering their proposals.

The liberal terms of the Alaska earthquake and the west coast flood disaster legislation have twice been approved by this body. Most of their terms appear in the pending Midwest flood disaster legislation. The experience of those who have drafted these stopgap measures

H. R. 7902

MAY 5, 1965

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Disaster Relief Act of
4 1965”.

6 SEC. 2. As used in this Act, the term "major disaster"
7 means a major disaster as determined by the President pur-
8 suant to the Act entitled "An Act to authorize Federal
9 assistance to States and local governments in major disasters,
10 and for other purposes", approved September 30, 1950, as
11 amended (42 U.S.C. 1855-1855g).

1 FEDERAL LOAN ADJUSTMENTS

2 SEC. 3. (a) The Secretary of Agriculture is authorized
3 to refinance a borrower's indebtedness under programs ad-
4 ministered by the Farmers Home Administration where he
5 finds such refinancing necessary because of property losses
6 sustained by such borrower as a result of a major disaster.
7 Any loan so refinanced may provide for the repair or con-
8 struction of structures and for the purchase of building sites
9 when the original sites cannot be utilized as a result of such
10 disaster. The interest rate on any loan refinanced under this
11 subsection may be reduced to a rate not less than 3 per
12 centum per annum, and the term thereof may be extended
13 for such period as will provide a maturity of not to exceed
14 forty years: *Provided*, That the Secretary may authorize a
15 suspension in the payment of principal and interest charges
16 on, and an additional extension in the maturity of, any such
17 loan for a period not to exceed five years if he determines
18 that such action is necessary to avoid severe financial hard-
19 ship.

20 (b) The Secretary of Agriculture is authorized to re-
21 finance a borrower's indebtedness under programs adminis-
22 tered by the Rural Electrification Administration, where he
23 finds such refinancing necessary because of loss, destruction,
24 or damage of property resulting from a major disaster. The
25 term of such loan may be extended for such period as will

1 provide a maturity of not to exceed forty years: *Provided*,
2 That the Secretary may authorize a suspension in the pay-
3 ment of principal and interest charges on, and an additional
4 extension in the maturity of, any such loan for a period not
5 to exceed five years if he determines that such action is
6 necessary to avoid severe financial hardship.

7 (c) The Housing and Home Finance Administrator is
8 authorized to refinance any note or other obligation which
9 is held by him in connection with any loan made by the
10 Housing and Home Finance Agency, or which is included
11 within the revolving fund for liquidating programs estab-
12 lished by the Independent Offices Appropriation Act of
13 1955, where he finds such refinancing necessary because of
14 the loss, destruction, or damage to property or facilities se-
15 curing such obligations as a result of a major disaster. The
16 interest rate on any note or other obligation refinanced un-
17 der this subsection may be reduced to a rate not less than
18 3 per centum per annum, and the term thereof may be ex-
19 tended for such period as will provide a maturity of not to
20 exceed forty years: *Provided*, That the Administrator may
21 authorize a suspension in the payment of principal and in-
22 terest charges on, and an additional extension in the ma-
23 turity of, any such loan for a period not to exceed five years
24 if he determines that such action is necessary to avoid
25 severe financial hardship.

1 (d) The Administrator of Veterans' Affairs is author-
2 ized to refinance any loan made by the Veterans' Adminis-
3 tration where he finds such refinancing necessary because of
4 the loss, destruction, or damage to property securing such
5 loan as the result of a major disaster. The interest rate on
6 any loan refinanced under this subsection may be reduced
7 to a rate not less than 3 per centum per annum, and the term
8 thereof may be extended for such period as will provide a
9 maturity of not to exceed forty years: *Provided*, That the
10 Administrator may authorize a suspension in the payment
11 of principal and interest charges on, and an additional ex-
12 tension in the maturity of, any such loan for a period not
13 to exceed five years if he determines that such action is neces-
14 sary to avoid severe financial hardship.

15 (e) Loans made pursuant to paragraph (1) of section
16 7(b) of the Small Business Act, as amended (15 U.S.C.
17 636(b)), for the purpose of replacing, reconstructing, or
18 repairing dwellings damaged or destroyed as a result of a
19 major disaster may have a maturity of not to exceed forty
20 years: *Provided*, That the Administrator of the Small Business
21 Administration may authorize a suspension in the payment
22 of principal and interest charges on, and an extension in the
23 maturity of, any such loan for a period not to exceed five
24 years, if he determines that such action is necessary to avoid
25 severe financial hardship. The provisions of section 7(c) of

1 such Act shall not be applicable to any such loans which
2 have a maturity in excess of thirty years.

3 (f) The Administrator of the Small Business Adminis-
4 tration may authorize for a period not to exceed five years
5 a suspension in the payment of principal and interest charges
6 on, and an extension in the maturity of, any loan made to
7 small business concerns pursuant to section 636 (a) of the
8 Small Business Act, as amended. (15 U.S.C. 636 (a)), if
9 he determines that such action is necessary to avoid severe
10 financial hardship resulting from loss or damage incurred
11 by a major disaster.

12 (g) Such sums as may be necessary to carry out the
13 provisions of this section are hereby authorized to be
14 appropriated.

15 REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS

16 SEC. 4. (a) For the purpose of enabling any State
17 which has suffered a major disaster to refinance outstanding
18 home mortgage obligations or other real property liens which
19 are not insured or guaranteed by any Federal agency and
20 which are secured by one- to four-family homes which have
21 been severely damaged or destroyed by such disaster, the
22 President is authorized, upon application, to make matching
23 grants to such State on a 75 per centum Federal—25 per
24 centum State participating basis, any funds provided by such

1 State to pay the costs of refinancing such mortgage obliga-
2 tions or real property liens.

3 (b) Any application for a grant under this section
4 shall—

5 (1) be in accordance with a plan submitted by
6 the State, to be approved by the President, for the im-
7 plementation of the purpose of this section;

8 (2) designate the State agency for carrying out
9 the plan;

10 (3) provide assurances that any loan made for the
11 purpose of refinancing any mortgage obligation, or other
12 real estate lien, shall have a maturity of not to exceed
13 forty years and bear interest at a rate not to exceed 3
14 per centum per annum: *Provided*, That the State agency
15 may authorize a suspension in the payment of principal
16 and interest charges on, and an extension of the ma-
17 turity of, any such loan for a period not to exceed five—
18 years, if it determines that such action is necessary to
19 avoid severe financial hardship;

20 (4) specify that no loan for refinancing the out-
21 standing debt secured by any single property shall ex-
22 ceed \$30,000;

23 (5) provide assurances that equitable treatment

1 will be accorded to all eligible property owners; and

2 (6) set forth such further information as the Presi-
3 dent may by regulation require.

4 (c) The President shall prescribe such rules and regu-
5 lations as he deems necessary for the effective administration
6 of this section, and to prevent the waste or dissipation of
7 Federal funds.

8 (d) Each State receiving assistance under this section
9 shall, through its designated State agency, make such reports
10 as the President may require, and each such agency shall,
11 upon request of the President, make available its books and
12 records for audit and examination.

13 (e) The President may exercise the powers conferred
14 upon him by this section either directly or through such
15 Federal agency as he may designate.

16 (f) Such sums as may be necessary to carry out the
17 purposes of this section are hereby authorized to be appro-
18 priated.

19 SHELTER FOR DISASTER VICTIMS

20 SEC. 5. (a) The President is authorized to provide
21 dwelling accommodations for any individual or family when-
22 ever he determines—

1 (1) that such individual or family occupied a house
2 (as an owner or tenant) which was destroyed, or dam-
3 aged to such an extent that it is uninhabitable, as the
4 result of a major disaster; and

5 (2) that such action is necessary to avoid severe
6 hardship on the part of such individual family; and

7 (3) that such owner or tenant cannot otherwise
8 provide suitable dwelling accommodations for himself
9 and/or his family.

10 (b) Such dwelling accommodations, including mobile
11 homes, as may be necessary to meet the need, shall be pro-
12 vided through acquisition, acquisition and rehabilitation, or
13 lease. Dwelling accommodations in such housing shall be
14 made available to any such individual or family for such
15 period as may be necessary to enable the individual or family
16 to find other decent, safe, and sanitary housing which is
17 within his or its ability to finance. Rentals shall be estab-
18 lished for such accommodations, under such rules and regula-
19 tions as the President may prescribe and shall take into con-
20 sideration the financial ability of the occupant. In cases of
21 financial hardship, rentals may be compromised or adjusted
22 for a period not to exceed twelve months, but in no case shall
23 any such individual or family be required to incur a monthly
24 housing expense (including any fixed expense related to the

1 amortization of debt owing on a house destroyed or damaged
2 in a disaster) which is in excess of 25 per centum of the
3 individual's or family's monthly income.

4 (c) In the performance of, and with respect to, the
5 powers and duties conferred upon him by this section, the
6 President may—

7 (1) prescribe such rules and regulations as he deems
8 necessary to carry out the purposes of this section;

9 (2) exercise such powers and duties either directly
10 or through such Federal agency or agencies as he may
11 designate;

12 (3) sell or exchange at public or private sale, or
13 lease, any real property acquired or constructed under
14 this section;

15 (4) obtain insurance against loss in connection with
16 any such real property;

17 (5) enter into agreements to pay annual sums in
18 lieu of taxes to any State or local taxing authority with
19 respect to any such real property; and

20 (6) include in any contract or instrument made
21 pursuant to this section, such conditions and provisions
22 as he deems necessary to assure that the purposes of this
23 section will be achieved.

1 (d) Such sums as may be necessary to carry out the
2 provisions of this section are hereby authorized to be appro-
3 priated.

4 FEDERAL HOUSING ADMINISTRATION-INSURED DISASTER
5 LOANS

6 SEC. 6. (a) Section 203 (h) of the National Housing
7 Act is amended to read as follows:

8 “(h) (1) Notwithstanding any other provision of this
9 section, the Commissioner is authorized to insure and to
10 make commitments to insure any mortgage secured by a
11 property upon which there is located a dwelling designed
12 principally for a single-family residence, where the mort-
13 gage is the owner and occupant and establishes (to the
14 satisfaction of the Commissioner) that his house which he
15 occupied as an owner or as a tenant was destroyed or dam-
16 aged to such an extent that reconstruction or replacement is
17 required as a result of a natural disaster determined by the
18 President to be a major disaster pursuant to the Act entitled
19 ‘An Act to authorize Federal assistance to States and local
20 governments in major disasters, and for other purposes’,
21 approved September 30, 1950, as amended (42 U.S.C.
22 1855-1855g).

23 “(2) To be eligible for insurance under this section,
24 a mortgage shall—

25 “(A) not exceed \$20,000; and

1 “(B) not exceed (i) 100 per centum of the ap-
2 praised value of the property, or (ii) the sum of the
3 estimated cost of restoring the property and the Com-
4 missioner’s estimate of the value of the property before
5 restoration: *Provided*, That in no case involving refi-
6 nancing shall such mortgage exceed the estimated cost
7 of restoring the property and the amount (as determined
8 by the Commissioner) required to refinance existing
9 indebtedness secured by the property;

10 “(C) bear interest (exclusive of premium charges
11 for insurance and service charge, if any) at not less than
12 the annual rate of interest determined, from time to time
13 by the Secretary of the Treasury at the request of the
14 Commissioner, by estimating the average market yield
15 to maturity on all outstanding marketable obligations
16 of the United States, and by adjusting such yield to the
17 nearest one-eighth of 1 per centum; and

18 “(D) provide for complete amortization by periodic
19 payments within such terms as the Commissioner may
20 prescribe, but not to exceed forty years from the be-
21 ginning of the amortization of the mortgage.

22 “(3) The property covered by any mortgage insured
23 under this subsection shall comply with such standards and
24 conditions as the Commissioner may prescribe (having due
25 regard to the purposes sought to be achieved by this sub-

1 section) to establish the acceptability of such property for
2 mortgage insurance”.

3 (b) Section 305 of such Act is amended by adding at
4 the end thereof a new subsection as follows:

5 “(i) Notwithstanding any other provisions of this Act,
6 the Association is authorized to make commitments to pur-
7 chase and to purchase, service, or sell, any mortgage which
8 is insured under section 203 (h) of this Act: *Provided*, That
9 the total amount of purchases and commitments authorized
10 by this subsection shall not exceed \$.”

11 (c) Section 221 of such Act is amended by striking out
12 “or as a result of governmental actions”, in subsections (a)
13 and (f), and inserting in lieu thereof “, as a result of gov-
14 ernmental action, or as a result of a major disaster as deter-
15 mined by the President pursuant to the Act entitled ‘An Act
16 to authorize Federal assistance to States and local govern-
17 ments in major disasters, and for other purposes’, approved
18 September 30, 1950, as amended (42 U.S.C. 1855-
19 1855g)”.

20 EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS

21 ADMINISTERED BY DEPARTMENT OF AGRICULTURE

22 SEC. 7. The Secretary of Agriculture is authorized in
23 the case of any farmer in any area which has suffered a major
24 disaster to reopen or extend, under such terms and conditions
25 as he may prescribe, the period prescribed for participating

1 in any program being administered by the Department of
2 Agriculture, if the Secretary determines that (1) such action
3 is necessary to help such farmer avoid severe financial hard-
4 ship which has or will likely result from such major disaster,
5 (2) such farmer would have been eligible to participate in
6 such program if he had made timely application for participa-
7 tion therein, and (3) such action is feasible and will not
8 materially defeat the purpose of such program.

9 DISASTER WARNINGS

10 SEC. 8. (a) The Secretary of Defense is authorized to
11 utilize the facilities of the civil defense communications sys-
12 tem established and maintained pursuant to section 201 (c)
13 of the Federal Civil Defense Act of 1950, as amended (50
14 U.S.C. App. 2281 (c)), for the purpose of providing needed
15 warning to governmental authorities and the civilian popula-
16 tion in areas endangered by imminent natural disasters.

17 (b) There are authorized to be appropriated such sums
18 as may be necessary to carry out the provisions of sub-
19 section (a) .

20 ASSISTANCE TO UNINCORPORATED COMMUNITIES

21 SEC. 9. The Act entitled "An Act to authorize Federal
22 assistance to States and local governments in major disasters,
23 and for other purposes", approved September 30, 1950, as
24 amended (42 U.S.C. 1855), is amended by inserting before

1 the semicolon at the end of section 2 (c) a comma and by
2 adding the following: “and includes any rural community
3 or unincorporated town or village with respect to which the
4 head of the Federal agency concerned determines that (1)
5 there is a need for assistance under this Act, (2) the fur-
6 nishing of such assistance is feasible, and (3) it will be
7 effectively utilized”.

8 Section 306 of the Consolidated Farmers Home Admin-
9 istration Act of 1961, as amended (7 U.S.C. 1926) is
10 amended by adding the following new subsection (c): “In
11 areas which have suffered major disasters the Secretary is
12 authorized, without regard to the limitations of subsection
13 (a) or (b), to make or insure loans to associations, including
14 corporations not operated for profit and public and quasi-
15 public agencies, for the acquisition, construction, improve-
16 ment, or extension of waste disposal systems and other public
17 facilities providing for community services in rural areas,
18 when the Secretary determines that such action is necessary
19 for the rebuilding of a community or a portion thereof dam-
20 aged by a disaster. The Secretary is also authorized to make
21 construction grants not to exceed 50 per centum of the cost
22 of waste disposal systems and other public facilities providing
23 for community services in these areas in any case in which
24 repayment of a loan for such purposes from income would
25 require a charge for such service beyond the ability of a

1 majority of the users who might be served thereby to pay
2 such charges and if such charge would exceed 150 per centum
3 of the average cost for such services in comparable communi-
4 ties in the State.

5 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN
6 DISASTER AREAS

7 SEC. 10. (a) The Act of September 23, 1950, Public
8 Law 815, Eighty-first Congress, as amended (20 U.S.C.
9 631-645), is amended by inserting, immediately after sec-
10 tion 15 of that Act the following new section:

11 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
12 AREAS

13 "SEC. 16. (a) If the Commissioner determines with
14 respect to any local educational agency that—

15 "(1) (A) such agency is located in whole or in
16 part within an area which has suffered a major disaster,
17 as determined by the President pursuant to section 2 (a)
18 of the Act of September 30, 1950 (42 U.S.C. 1855a
19 (a)), and

20 "(B) the Governor of the State in which such
21 agency is located has certified the need for disaster
22 assistance under this section, and has given assurance of
23 expenditure of a reasonable amount of the funds of the
24 government of such State, or of any political subdivision

1 thereof, for the same or similar purposes with respect
2 to such catastrophe;

3 “(2) public elementary or secondary school facili-
4 ties of such agency have been destroyed or seriously
5 damaged as a result of this major disaster;

6 “(3) such agency is making a reasonable tax effort
7 and is exercising due diligence in availing itself of State
8 and other financial assistance available for the replace-
9 ment or restoration of such school facilities; and

10 “(4) such agency does not have sufficient funds
11 available to it from State, local, and other Federal
12 sources (including funds available under other provisions
13 of this Act), and from the proceeds of insurance on such
14 school facilities, to provide the minimum school facili-
15 ties needed for the restoration or replacement of the
16 school facilities so destroyed or seriously damaged.

17 he may provide the additional assistance necessary to enable
18 such agency to provide such facilities, upon such terms and in
19 such amounts (subject to the provisions of this section) as
20 the Commissioner may consider to be in the public interest;
21 but such additional assistance, plus the amount which the
22 Commissioner determines to be available from State, local,
23 and other Federal sources (including funds available under
24 other provisions of this Act), and from the proceeds of in-
25 surance, may not exceed the cost of construction incident to

1 the restoration or replacement of the school facilities de-
2 stroyed or damaged as a result of the disaster.

3 “(b) There are hereby authorized to be appropriated
4 for each fiscal year such amounts as may be necessary to
5 carry out the provisions of this section. Pending such appro-
6 priation, the Commissioner may expend from any funds
7 heretofore or hereafter appropriated for expenditure in ac-
8 cordance with other sections of this Act such sums as may be
9 necessary for immediately providing assistance under this
10 section, such appropriations to be reimbursed from the ap-
11 propriations authorized by this subsection when made.

12 “(c) No payment may be made to any local educational
13 agency under subsection (a) except upon application there-
14 for which is submitted through the appropriate State edu-
15 cational agency and is filed with the Commissioner in accord-
16 ance with regulations prescribed by him, and which meets
17 the requirements of section 6 (b) (1). In determining the
18 order in which such applications shall be approved, the Com-
19 missioner shall consider the relative educational and financial
20 needs of the local educational agencies which have submitted
21 approvable applications. No payment may be made under
22 subsection (a) unless the Commissioner finds, after consulta-
23 tion with the State and local educational agencies, that the
24 project or projects with respect to which it is made are not

1 inconsistent with overall State plans for the construction of
 2 school facilities. All determinations made by the Commis-
 3 sioner under this section shall be made only after consultation
 4 with the appropriate State educational agency and the local
 5 educational agency.

6 “(d) Amounts paid by the Commissioner to local edu-
 7 cational agencies under subsection (a) may be paid in ad-
 8 vance or by way of reimbursement and in such installments
 9 as the Commissioner may determine. Any funds paid to a
 10 local educational agency and not expended or otherwise used
 11 for the purposes for which paid shall be repaid to the Treas-
 12 ury of the United States.

13 “(e) None of the provisions of sections 1 to 10, both
 14 inclusive, other than section 6 (b) (1), shall apply with re-
 15 spect to this section”.

16 (b) The Act of September 30, 1950, Public Law 874,
 17 Eighty-first Congress, as amended, is amended by inserting,
 18 immediately after section 303 of that Act, the following
 19 new section:

20 “ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN

21 MAJOR DISASTER AREAS

22 “SEC. 304. (a) If the Commissioner determines with
 23 respect to any local educational agency that—

24 “(1) (A) such agency is located in whole or in
 25 part within an area which has suffered a major disaster,

1 as determined by the President pursuant to section
2 2 (a) of the Act of September 30, 1950 (42 U.S.C.
3 1855a (a)), and

4 “(B) the Governor of the State in which such
5 agency is located has certified the need for disaster as-
6 sistance under this section, and has given assurance of
7 expenditure of a reasonable amount of the funds of the
8 government of such State, or of any political subdivision
9 thereof, for the same or similar purposes with respect to
10 such catastrophe; and

11 “(a) such agency is making a reasonable tax effort
12 and is exercising due diligence in availing itself of State
13 and other financial assistance, but as a result of such
14 major disaster it is unable to secure sufficient funds to
15 meet the cost of providing free public education for the
16 children attending the schools of such agency,

17 he may provide to such agency the additional assistance
18 necessary to provide free public education to the children
19 attending the schools of such agency, upon such terms and
20 in such amounts (subject to the provisions of this section)
21 as the Commissioner may consider to be in the public interest.
22 Such additional assistance may be provided for a period not
23 greater than a five fiscal year period beginning with the
24 fiscal year in which the President has determined that such
25 area suffered a major disaster. The amount so provided

1 for any fiscal year shall not exceed the amount which the
2 Commissioner determined to be necessary to enable such
3 agency, with the State, local, and other Federal funds avail-
4 able to it for such purpose, to provide a level of education
5 equivalent to that maintained in the schools of such agency
6 during the last full fiscal year prior to the occurrence of such
7 major disaster. The amount, if any, so provided for the
8 second, third, and fourth fiscal years following the fiscal year
9 in which the President determined that such area has suf-
10 fered a major disaster shall not exceed 75 per centum, 50
11 per centum, and 25 per centum, respectively, of the amount
12 so provided for the first fiscal year following such determina-
13 tion.

14 “(b) In addition to and apart from the funds provided
15 under subsection (a), the Commissioner is authorized to pro-
16 vide to such agency an amount which he determines to be
17 necessary to replace instructional and maintenance supplies,
18 equipment, and materials (including textbooks) destroyed
19 or seriously damaged as a result of such major disaster, and
20 to lease or otherwise provide (other than by acquisition of
21 land or erection of facilities) school and cafeteria facilities
22 needed to replace temporarily such facilities which have been
23 made unavailable as a result of the major disaster.

24 “(c) There is hereby authorized to be appropriated

1 for each fiscal year such amounts as may be necessary to
2 carry out the provisions of this section. Pending such ap-
3 propriation, the Commissioner may expend from any funds
4 heretofore or hereafter appropriated for expenditure in ac-
5 cordance with other sections of this Act, such sums as may
6 be necessary for immediately providing assistance under this
7 section, such appropriations to be reimbursed from the
8 appropriations authorized by this subsection when made.

9 “(d) No payment may be made to any local educational
10 agency under this section except upon application therefor
11 which is submitted through the appropriate State educational
12 agency and is filed with the Commissioner in accordance
13 with regulations prescribed by him. In determining the
14 order in which such applications shall be approved, the Com-
15 missioner shall consider the relative educational and financial
16 needs of the local educational agencies which have submitted
17 approvable applications.

18 “(e) Amounts paid by the Commissioner to local edu-
19 cational agencies under this section may be paid in advance
20 or by way of reimbursement and in such installments as the
21 Commissioner may determine. Any funds paid to a local
22 educational agency and not expended or otherwise used for
23 the purposes for which paid shall be repaid to the Treasury
24 of the United States”.

1 HIGHWAY ASSISTANCE IN DISASTER AREAS

2 SEC. 11. (a) Section 120 (f) of title 23 of the United
3 States Code, relating to the Federal share in emergency high-
4 way relief, is amended by inserting before the period at the
5 end of the first sentence a colon and the following: “*And*
6 *provided further*, That the Federal share payable on account
7 of any repair or reconstruction of any Federal-aid highway
8 necessitated by a major disaster, as determined by the Presi-
9 dent pursuant to section 2 (a) of the Act of September 30,
10 1950 (42 U.S.C. 1855a (a)), shall be 100 per centum of the
11 cost thereof”.

(b) Section 125 of title 23 of the United States Code, relating to emergency highway relief, is amended by striking out the second sentence and inserting in lieu thereof "There is authorized to be appropriated not to exceed \$ for the fiscal year ending June 30, 1965, and not to exceed \$ for each fiscal year thereafter for the purposes of such fund".

19 REIMBURSEMENT FOR NECESSARY EMERGENCY FLOOD
20 PROTECTION

SEC. 12. In the case of any individual, partnership, corporation, or other entity, which has requested proper local governmental authorities to provide protection against flooding in major disaster areas, and which has incurred emergency expenditures for the purpose of preventing damage

1 from such flooding, and which expenditures were necessi-
2 tated by the inability or failure of local government authori-
3 ties to provide such protection, the Office of Emergency Plan-
4 ning is authorized, upon certification by proper local govern-
5 mental authorities that such protection would have been pro-
6 vided except for contingencies caused by the emergency
7 and that the expenditures contributed to the total community
8 disaster defense effort, to reimburse such individual, partner-
9 ship, corporation or other entity 100 per centum of the total
10 cost expended for such protection against flooding.

11 SEC. 13. This Act shall take effect on January 1, 1965.

89TH CONGRESS
1ST SESSION

H. R. 7902

A BILL

To provide additional assistance for areas suffering a major disaster.

By Mr. CUYVER

MAY 5, 1965

Referred to the Committee on Public Works

ing—particularly in matters involving safety and siting.

But while the position of nuclear generated electricity continues to improve, thanks to your help and that of the nuclear power industry, it is appropriate that we in the Government concentrate on our next objective. Consequently, we are shifting our interest and our efforts now toward developing those reactors which will be best suited to "stretch out" the low cost reserves of nuclear fuel, by making even more efficient utilization of the fuel they consume. Moreover, we realize that no new system—no matter what its importance to the overall fuel economy—will be widely adopted if in itself it is not economic. Therefore, cost remains an important factor in our reactor development thinking.

With all this in mind our major efforts now are being directed toward the third specific objective stated in our 1962 report—the development of reactor types known as "advanced converters" and "breeders." This is being done in two phases, with the development of the converters coming first, although there will be some overlapping of programs.

At this point I might explain briefly something of the technology of these reactors so that it will be clearer as to how they will fit into our pursuit of the most efficient and economic use of nuclear power.

As you probably know, when most of today's light water reactors, using uranium, are operated at their economic optimum, only a very small fraction of the latent fission energy contained in the uranium is used. Should we continue to develop and encourage the use of only these types of reactors, it would not be long (in view of projected power demands) before we would exhaust even the large supply of economic nuclear fuel resources known in the world today. However, it is possible to convert uranium 233 and our other abundant nuclear fuel source, thorium 232 (both of which we refer to as "fertile" materials), to fissionable fuels. This important conversion can be accomplished by transmuting, within reactors, uranium 238 to plutonium 239, and thorium 232 to uranium 233. Plutonium 239 and uranium 233 are fissionable and can be used as reactor fuel. The net effect is to "burn" indirectly the nonfissionable, very abundant, fertile uranium 238 and thorium 232. Most reactors accomplish this extremely productive transmutation to varying degrees and do so during the course of producing power. (Incidentally, of the new fuel produced some is "burned" in place and some is later extracted and reprocessed for future use.) Those improved converted reactor systems which produce almost as much new fuel as they consume we refer to as "advanced converters" or "near breeders."

It is also possible to develop—and we have already begun to do so—reactors that through the conversion process produce more fissionable material than they consume. Here again the net effect is to "burn" indirectly, but in this case almost completely, the nonfissionable uranium 238 and thorium 232. These reactors are called "breeders." If, at this point, you are not already thoroughly confused, I might mention that we have a variety of terms for reactors of different conversion efficiency in this general class, such as "low-gain or self-sustaining breeders," and "high-gain breeders," all of which are clear to us in the nuclear power field, but which sometimes make our reports appear like documents from the American Kennel Club. In fact I would not be surprised if someday we refer to a breeder reactor of which we are particularly proud as "best of breed." (Actually the classification of breeders is helped if one remembers that "high-gain breeders" produce appreciably more fissionable material than they consume; "low-gain breeders" produce slightly more than they consume; and

"near breeders" produce almost as much as they consume.)

But getting back to the principles of the advanced converters and breeders, I think it is clear how significant their technology can be to the future of nuclear power and to the future of the electric utilities. In essence it holds the key to unlocking the tremendous energy stores in the nonfissionable but extremely abundant isotopes uranium 238 and thorium 232. By allowing us to make the most efficient use of our nuclear resources this new technology gives us promise of a vast supply of economic power until such time, probably still far in the future, when we will be able to harness the thermonuclear energy of controlled fusion and have in addition as an almost limitless fuel source the heavy hydrogen atom found in common sea water.

In line with our long-range program to develop economic converters and breeders (and consistent with the third specific objective in our report to the President) we are concentrating first on the development of what we consider the best types of advanced converters. This is the next logical step because we are closer to understanding and perfecting the technology of these thermal reactors—that is, reactors in which the neutrons are slowed down by a moderator before they produce fission in other atoms or are "captured" by the fertile atoms to make them fissionable. Also we will have to rely on the simpler and more exploitable technology of these near-breeders and low-gain breeders in order to buy the time we will need to develop the more difficult, large, economic, high-gain systems of the future.

Three types of advanced converters in which we are currently most interested are: the high temperature gas cooled reactor; the heavy water organic cooled reactor; and the large seed and blanket variation of the well-developed pressurized water reactor. The development of these reactor systems should offer us both technological and economic advantages.

Because both the high temperature gas cooled and the heavy water moderated, organic cooled reactors have high neutron efficiency they also have great potential for becoming economically competitive, near-breeder systems using the thorium-uranium 233-fuel cycle. As their technology is developed, and more is learned about their operation, both these systems may offer the further potential of low-gain breeding.

These two reactor systems offer the potential of low-cost power, not only at present uranium prices but at ore prices several-fold higher. It appears that the gas technology will have special significance in the development of gas cooled fast breeders. The heavy water moderated technology seems especially well suited for the larger reactors needed for dual purpose electricity and desalting plants. We might note also that the heavy water systems have the important advantage of fuel flexibility, since they can be fueled with natural uranium, slightly enriched uranium, or thorium.

Using the well-known light water technology, the large seed-blanket reactor, the third advanced converter in which we are interested, appears to have the almost immediate capability of breeding in the thorium-uranium 233 fuel system. This reactor prototype will also pioneer in the development, testing, and establishment of standards for many important new engineering concepts, such as a large spherical pressure vessel erected in the field—so important to the future of large water-cooled systems.

These are some of the advantages of the advanced converter prototypes we plan to develop.

While I cannot go into great detail on our breeder program at this time, I would like to say a few words about it. One important

effort in this program will be toward the development of fast reactors. A fast reactor is one which does not employ a moderator to slow down the neutrons, and is of interest because it has an even more favorable neutron economy than that of thermal reactors which slow down the neutrons with moderators. Both fast and thermal reactors can be so designed and built as to be breeder reactors. But a thermal reactor is limited by nature to low-gain breeding, while a fast reactor is capable of being a high-gain breeder. High-gain and low-gain breeders can also be distinguished by their fuel cycle. The thorium 232/uranium 233 fuel cycle is the only one which offers promise of breeding in thermal—that is, low-gain—breeders. The fast reactor—high-gain breeder—is most efficient with the uranium 238/plutonium 239 fuel cycle. Uranium 235, the only fissionable isotope found in nature, is, of course, necessary to initiate any of these fuel cycles, although once begun, a breeder reactor is self-sustaining. Thus in the early breeder reactors uranium 235 may be used in the first core in place of the uranium 233 or plutonium 239. Such initial operation of the reactor in a sense converts the uranium 235 to uranium 233 or plutonium 239 through the fertile material thorium 232 or uranium 238.

An important question is how fast a breeder reactor can become independent of uranium 235 and can supply enough excess fissionable uranium 233 or plutonium 239 to refuel itself or to fuel subsequent, additional reactors. At present, the fast reactors, since they are capable of being high-gain breeders, are the only ones which show promise of reasonable short doubling time—that is, the time it takes the breeder to produce enough new fissionable material in excess of its own needs to fuel a second reactor of equal size and power output.

In considering the different types of advanced converter and breeder reactors, it is difficult to predict which types will eventually find the widest use. Most likely many types will play important roles in the evolution of nuclear power. In the more distant future a combination of types will probably fit into the overall economy. There are many possible "systems" combinations of reactors and fuels and fuel cycles, including various possible combinations of uranium 235, uranium 233, thorium 232, plutonium 239, and uranium-238, and therefore it is difficult to predict now which will be most efficient from a combined economical and fuel utilization point of view.

As I have pointed out earlier, in carrying out all phases of our civilian nuclear power program we always have economics foremost in mind. Since utilities, whether publicly or privately owned, have a primary mission of producing electric power for their customers as cheaply as possible, the rapidity of growth and the level of use of nuclear energy to produce electricity will depend primarily upon its ability to compete economically with other sources of energy. In many cases, strictly local situations will exert the greatest influence upon a utility's decision as to what kind of powerplant it should add next to its system. But there are also certain special economic factors pertinent to the evaluation of a nuclear plant. As you know, size is important, with increased size favoring nuclear power. As recently as 1959 the AEC was projecting nuclear power costs on the basis of reference designs of 300 megawatts electrical. We now often use a capacity as large as 1,000 megawatts electrical for reference designs and economic analysis. This trend to larger plant size is of course consistent with the overall trend in the power industry. The advent of large interconnected power pools, which accelerated the increase in acceptable powerplant capacities, has proved to be a trend favorable to the economic promise of nuclear power. However, in discussing the

trend toward larger reactors let me point out that we have not overlooked the importance of continuing the development of efficient smaller reactors. There are many areas in the world where such reactors will serve an important function for years to come.

Quite naturally, nuclear power has achieved its initial commercial interest in this country in areas of relatively high fossil fuel costs. As the economics of nuclear power improve to become commercially attractive in broader areas of the country, the regional differential energy cost will be essentially removed as a handicap to economic progress. This factor alone can have very important effects on the distribution of economic development in various regions of our Nation and in various nations of the world.

The rather drastic decreases in nuclear power costs which have been related to increasing plant capacity have provided a basis for interest in still larger plants which might become justifiable by multiple applications—that is, generation of electricity coupled with use of process heat for desalinization of water or other applications.

In September of last year Secretary Udall and I submitted a report to the President—"Program for Advancing Desalting Technology." As you know, this is an area in which President Johnson takes particular interest. This report was released by the President on October 26, 1964, as a program planning guide. The power reactor development activities contemplated by this program represent logical extensions of activities underway as part of our program for the development of civilian nuclear powerplants for generation of electricity. The emphasis in this program will be in the areas of coupling of power and desalting installations, the scaling up in plant capacities, and in cooperative studies of power and water needs in specific situations. The program plan provides for the operation of a 1,000-megawatt thermal (350-megawatt electrical) power-only reactor prototype by about 1970, and for the operation of a second dual-purpose prototype of approximately 3,500 megawatt thermal capacity by about 1975. Both prototypes would be constructed and operated in cooperation with industry and the utilities. It is expected that there might be substantial participation by a utility in the first prototype and even greater participation in the second.

Thus, the technology and the economics would be developed sufficiently to permit the initiation of even larger power-desalting reactors in the mid-1970's for operation by about 1980 if such needs materialize.

Studies which we have already done indicate that within the next few decades nuclear installations will be able to produce fresh water and electric power at costs which may be attractive in many parts of the world. Certainly, as nations develop and increase in population, the natural water resources will become inadequate in more and more geographical areas of the world. The availability of reasonably low cost power and water could open up new frontiers for industrialization throughout the world. These developments could contribute to increased flexibility in man's exploitation of earth's resources for his greater comfort and dignity.

In pursuing these undertakings and in our other programs of international cooperation in nuclear power, I believe we are successfully fulfilling our commitment to the fourth and final objective stated in our 1962 report to the President—that of maintaining "technological leadership in the world by means of a vigorous domestic nuclear power program and appropriate cooperation with, and assistance to, our friends abroad."

Surely the development and distribution of nuclear power for generating electricity will have a significant effect on the lives of

many people around the world. Industrialization abroad, particularly in the emerging, developing nations, will call for substantial blocks of power in areas where power has been previously very limited. American industry will be called upon to export much equipment and technological skill and training to this end. This is a whole area of endeavor in itself which I cannot discuss in the time available to me here—but needless to say this area should prove to be a most worthwhile undertaking.

The atom has come of age—and fortunately in an age when it can be of greatest service to man. But it needs your guidance and your support if it is to fulfill its greatest promise in maturity.

I urge that, as individuals, and as an industry, you continue to keep yourselves informed of technology advances, continue to exercise fair judgments in the choice of energy alternatives to fulfill your management responsibilities, continue to be alert in ways to apply new technologies or new modes of operation to improve user service, and continue to recognize the importance of sharing your knowledge and skills for the benefit of man in all corners of the world.

I can assure you that the policies of the Atomic Energy Commission will continue to embrace close cooperation with you in the utilities field in the development of the civilian uses of nuclear power. And I strongly believe that the results of that development will be of great value to a growing America, and lead to significant improvements in the well-being of all men seeking to create a better life and a better world.

FOREIGN AID DISCUSSION

(Mr. FRASER (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FRASER. Mr. Speaker, on behalf of the bipartisan group that has been sponsoring the weekly foreign aid discussions, I am very pleased to announce that Vice President HUMPHREY will join us this week in a discussion of the current questions on foreign aid. William Gaud, Deputy Administrator, AID, will also be with us.

The discussion will be Thursday, May 6, at 3 p.m. in the Speakers dining room. I hope my colleagues will be able to join us at that time.

CINCO DE MAYO

(Mr. BROWN of California (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROWN of California. Mr. Speaker, throughout Mexico each year, the 5th of May celebrates a great Mexican victory over the French in 1862. The holiday is not to be confused, however, with Mexican Independence Day, the 16th of September, which commemorates the day in 1810 when Martin Hidalgo, a parish priest, issued a ringing declaration of Mexico's freedom from Spanish rule.

Mexico's revolt against Spain was complete by 1822, but internal dissension and European efforts to reacquire Mexico plunged the vast nation into almost continuous chaos. Thus it was that Mexico's first liberal regime, under Benito Juarez

in the early 1860's, encountered serious difficulties both at home and abroad.

A great number of self-exiled Mexican conservatives informally assembled at the French Court and appealed successfully to the imperialistic intentions of Napoleon III. Napoleon acceded to their wishes, occupying the Mexican port of Vera Cruz with the aid of the British and Spanish. Their pretext was the collection of debts and the restoration of order to insure the safety of their numerous citizens plying commercial and mining trades throughout Mexico.

A large force of French, Spanish, and British arrived in Vera Cruz in December 1861. The United States was deep in the throes of the Civil War at the time, which made support of the Mexican government impossible, even against such a clear transgression of the spirit and letter of the Monroe Doctrine.

By April 1862, the Spanish and British withdrew their forces, now fully aware of France's greater intentions. Six thousand French soldiers, under General Laurencez, marched toward Mexico City to the victory they were sure would be theirs against a motley, volunteer force of Mexicans equipped merely with muskets which had been captured from the French at Waterloo.

The French confidence was unwarranted. On the 5th of May, the Mexican forces hurled them back at Puebla—a strategic city almost equidistant from Vera Cruz and Mexico City, often the scene of important battles in Mexican history.

Although the French lost nearly a thousand soldiers and much pride, they were able in succeeding years to capture the Mexican capital. Their stay was brief, however, for by 1867 Maximilian, whom they had placed upon a contrived Mexican throne, was executed.

The significance of the Cinco de Mayo celebration is the fact that the spirit and indomitable independence of the hearts of the Mexicans who turned the French away on that day lives on.

They eventually liberated their great nation from foreign domination and achieved a justifiably strong sense of national consciousness and pride. The United States has a neighbor of which we can be extremely proud and we join them, today, in honoring the courageous band of defenders who fought and won on this day in 1862, as well as those who died in this defense.

Also, we are proud of those Mexicans who have chosen to come to the United States, and their dependents, for the great contributions so many have made to our society, displaying the same strength of character as their forebear did on the 5th of May.

ADDITIONAL ASSISTANCE FOR FLOOD VICTIMS

(Mr. CULVER (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CULVER. Mr. Speaker, I have introduced today a bill which would provide additional assistance for areas suf-

fering a major disaster, and I ask that it be referred appropriately.

The Second District of Iowa as well as many others throughout the Midwest and the Nation have been ravaged this spring by severe natural disasters, floods, tornadoes, and earthquakes. In recent weeks I have had occasion to work very closely with residents of numerous cities and towns along the Mississippi River which have experienced incredible losses from floods of recordbreaking proportions.

I have been privileged to witness an amazing spirit of determination and unselfishness on the part of community leaders and volunteer workers in these areas. Without the unmatched generosity and tireless efforts of these people, as well as the splendid cooperation received from the agencies of the Federal and State Governments the losses would have been nearly irreparable.

In spite of these efforts and the substantial governmental assistance, great difficulties remain from the people in these affected areas. While the terms of Public Law 81-875 have generally proven satisfactory to meet the needs of States and communities afflicted by the loss of public property, there is in many instances insufficient protection for individual citizens suffering heavy property losses. As a result there are serious problems of unemployment, low morale, personal financial failures and uncompensated business losses.

It has been my observation that our existing modes of relief are inadequately tailored to meet the substantive and administrative needs of a major disaster such as the one we have recently experienced. I have, therefore, introduced this bill which I feel establishes certain necessary guidelines for a complete study of the sufficiency of our disaster legislation. It is geared to provide additional assistance to the farmer, businessman, and property owner whose holdings have been suddenly torn from them by a severe natural disaster.

In general terms this bill would give Federal officials the authority to loan money used for restoration of property for longer periods of time, up to 40 years, at interest rates as low as 3 percent in major disaster areas. Additionally, discretion would be given to postpone initial repayments of principal and interest for a period up to 5 years where the possibility of severe financial hardship exists. These provisions would apply to loans insured by the Farmers Home Administration, the Small Business Administration, the Housing and Home Finance Agency, and the Veterans' Administration.

The bill would also provide a fund to refinance loans secured by one- to four-family homes which are not insured or guaranteed by any Federal agency. The financing of this disaster fund would be on a 75-25-percent matching basis for Federal and State Governments, with liberalized credit terms similar to those established for loans insured by the Federal Government.

In addition, the bill includes further assistance in the areas of: Providing shelter for disaster victims; extending the time for compliance with farm pro-

grams where necessary; expanding the use of civil defense communications systems to expedite disaster warnings; providing assistance in school construction, and meeting school expenditures in disaster areas; liberalizing Federal participation in highway reconstruction; and reimbursing expenses incurred in providing flood protection.

As a member of the Committee on Foreign Affairs I have in recent months given careful study to our program of foreign aid. I support this program as being both just and in our national interest to provide the encouragement and financial assistance of a great nation to those developing nations who are also prepared to undertake measures to help themselves. I do feel, however, that first and foremost we must be willing to provide sufficient encouragement and assistance to those areas where it is vitally needed in our Nation to help them recover from major unexpected disasters. This is particularly true where, as during the recent floods, these people have demonstrated such courage and willingness to help themselves to the maximum extent possible. Certainly the maintenance of a sound, dynamic economy at home is fundamental to our efforts to assist others abroad.

COMMUNITY HEALTH SERVICES EXTENSION AMENDMENTS OF 1965

(Mr. GRABOWSKI (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GRABOWSKI. Mr. Speaker, the Community Health Services Extension Amendments of 1965 are essential to maintain the public health in three important areas: vaccination programs, migrant worker health, and community health services.

H.R. 2986 would extend the Vaccination Assistance Act of 1962 for an additional 3 years. Immunization programs are vital to our Nation's health because they enable us to prevent a number of diseases that we cannot cure. Our success in wiping out dread diseases such as polio, diphtheria, and whooping cough depends upon reaching the largest number of people possible. Under the Federal program substantial progress has been made in achieving a higher level of immunization against poliomyelitis, diphtheria, tetanus, and whooping cough and community programs have been developed which will maintain this level.

The amendments also contain a provision for Federal assistance to the States for a measles vaccination program. Most people think of measles as just another childhood disease but it can be highly dangerous. There are over 400 deaths a year from measles and many others suffer permanent mental or hearing damage. A Federal program along the lines of existing vaccination programs is needed because of the high cost of measles vaccine and the lack of public awareness of the dangers of measles.

The Community Health Services Amendments will also extend for 3 more years the current program of grants for health services for migratory workers.

Migratory workers are the lost children of this country. Because they move with the seasons they are often ineligible for health services that communities provide to their resident medically indigent population. At the same time they are one of the population groups most in need of health care because of their low income, ignorance of good health practices, and poor living conditions. Under the Public Health Service program 60 projects have been set up to provide medical treatment for illness or injury, immunizations, casefinding and treatment of communicable diseases, prenatal and postnatal care, and other preventive and curative services. This program is extremely important to the well-being of about 1 million migrant agricultural workers and the country as a whole benefits from any reduction in the number of people carrying communicable diseases.

H.R. 2986 also provides for an extension of the program of grants to the States for general health services, mental health services, radiological health services, dental health services, and health services for the chronically ill and aged. The extension is limited to 1 year because a study of these services is now underway in the Public Health Service and a review of legislative needs is being undertaken in cooperation with the association of State and territorial health officers, and the State and territorial mental health authorities. Their recommendations will be reviewed by Congress next year.

The recent passage of this legislation by the House of Representatives is just one more step in the direction of a healthier and happier society in this Nation. It marks once again the determination of the United States to act against the enemies of mankind, whether they are natural or manmade, and eradicate them from the face of the earth.

NEW YORK CITY IN CRISIS— PART LX

(Mr. MULTER (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues the following article from the March 17, 1965, edition of the New York Herald Tribune concerning the proposal for a New York State sales tax.

The article is part of the series on "New York City in Crisis," as follows:

NEW YORK CITY IN CRISIS: TAX UNIT
MEMBER PLUGS A WAGNER LEAK

(By Alfonso Narvaez and Barry Gottehrer; of the Herald Tribune staff)

One of the 15 members of the temporary commission on city finances charged yesterday that Mayor Wagner was trying to use the special commission as a rubber stamp in his call for passage of a State sales tax.

The member, who opposes the sales tax, reportedly made his charges before the monthly meeting of the commission yesterday. According to him, a report by three members on the controversial tax has brought about a split among commission members.

At issue is the five-page report sent to the mayor last month—in which the three came out in favor of the tax. The report, later leaked to the press, created the impression, according to at least three members of the commission, that the commission itself favored the tax.

ERRONEOUS

Charging that the report gave an "erroneous impression," one member of the commission, who wished to remain anonymous, said yesterday: "It is a question of whether the commission is duty bound to call the shots the way it sees it or to play patsy for Mayor Wagner and provide him with a backdrop of leading names in the community who go along with what he wants."

At least two other members of the commission, which reportedly have met two times previously without reaching agreement on the sales tax plan, maintained yesterday that the earlier report was solely the personal opinion of Earl B. Schwulst, chairman of the commission and of Bowery Savings Bank; Wallace S. Sayre, vice chairman; and Dr. Joseph D. McGoldrick, secretary.

The report, issued at the request of city hall and delivered in time for the mayor to take with him on his trip to Albany March 1 to appear before the State legislature's finance committees, added fuel to rumors of an alleged "deal" between Mayor Wagner and Governor Rockefeller.

It has been reported that the mayor had agreed to lend his support to the Governor's proposed 2 percent statewide sales tax in exchange for the Governor's support of the mayor's choices for leaders of the State senate and assembly last month.

Mayor Wagner and Governor Rockefeller, however, have repeatedly denied reports that any deal took place.

Despite the fact that a letter accompanying the report when it was sent to the mayor was written on Bowery Savings Bank stationery and stated that the report "was not a report of the commission as a whole, although it reflects the views of a number of the members," the general impression "leaked" to the newspapers was that it was a report by the commission.

"I don't think the mayor would deliberately try to mislead the public," Mr. McGoldrick, commission secretary, said yesterday. "We made the fact quite clear in our letter that it was our personal view."

Though the mayor made it clear to Albany newsmen that the report presented the point of view of only three members of the commission, the earlier press leak, out of the mayor's office, did not make this clear at all.

A spokesman for the commission conceded yesterday that the report, signed under the names and commission titles of the commission's three top members, would give the impression that the three were speaking for all 15.

NOT MY VIEWS

Mr. Schwulst said that only seven members, one short of a quorum, showed up at the meeting in his office yesterday, and that the report and "the differences of opinion" were discussed only briefly. He said that "it was probably a mistake" issuing the report under their commission titles.

"There are differences of opinion among the members, but there is no split," he said. "The commission, as such, is reluctant to take a position before they study the matter thoroughly."

Mr. Schwulst added that he "would not be willing to serve on a commission if I thought I would have to give the mayor an opinion he wanted."

Jacob S. Potofsky, a commission member and the general president of the Amalgamated Clothing Workers of America, has publicly criticized the three-man report.

"The views in the report are the views of the three officials who signed it and in no way do they reflect my views," he said.

The only official statement by the entire commission on the sales tax appeared in its interim report issued November 30. In it, the commission called for exploration of a state wide sales tax, but made it clear that the sales tax would have to be one "with rebates to the city (and other local jurisdictions) at rates now collected."

In this way, the city presumably would continue to collect the equivalent of the 4-percent sales tax it now collects.

Under Governor Rockefeller's tax plan, a 2-percent sales tax would be created statewide, which would allow New York City to levy an addition 3 percent on top of that. According to critics, the city, under the Governor's plan, would lose the equivalent of 1 percent in sales tax revenue and the consumer would be hit with a full 5-percent tax on personal services and beer in addition to retail sales. (In 1963-64, the 4-percent sales tax brought \$417 million to the city.)

As partial compensation to the city, the Governor has recommended that revenues from the State stock transfer tax be rebated to the city. He also said he would increase the city's share of State highway revenues.

The statewide sales tax proposal has been under fire from business and consumer groups since it was first outlined.

The Citizens Budget Commission has said that "the 5-percent tax would create some of the very poverty which the city, the State and the Federal Government are now determined to combat."

The CBS said that the city was still suffering from the effects of a sales tax boost from 3 to 4 percent in 1963, and suggested that the city reduce its expected expenditures instead of increasing its sales tax.

Lawrence Lachman, president of Bloomingdale's, said, in representing the Metropolitan New York Merchants Association, that a 5-percent sales tax would only accelerate the decline of retail industry in the city.

The temporary commission on city finances was created in 1963 with the purpose of figuring out what the city must do to head off an expected expense budget deficit of \$350 million in 1966.

A GAME

Late last fall, one of the mayor's aid gave his own experienced view of the power and potential of this—and any other—special commission set up by the mayor.

"It's all a game," he said. "We know we have fiscal problems and we know what we have to do—raise existing taxes or put in some new ones. But, most of all, we know that we must get more Federal and State help."

"But by setting up these commissions, the mayor gets the bankers and the business leaders, many of them Republicans, involved. If they should ever come up with something new, then all the better. If they don't—and they rarely do—it's their failure—not the mayor's. And then, who says that he has to do anything with their proposals?"

NEW YORK CITY IN CRISIS—PART LXI

(Mr. MULTER (at the request of Mr. BANDSTRA) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, the following article from the New York Herald Tribune of March 18, 1965, concerns an attempt by New York City's business community to solve some of the problems faced by the city.

It is part of the series appearing in the Tribune on "New York City in Crisis."

The article follows:

TWELVE AT THE TOP HOLD A CRISIS MEETING (By Barrett McGurn)

A businessmen's drive to cope with the many mounting problems of New York City got under way yesterday with an organizational meeting attended by a dozen of this city's foremost banking, utility, insurance, department store, and chamber of commerce presidents and board chairmen.

They met in the name of 70 heads of New York's and America's largest firms which had agreed that business had to take a hand in solving long-range problems affecting factory jobs and other phases of the city's life.

The businessmen, leaders of companies with many billions of dollars of assets, outlined strategy to stop the flight of factories which has cost New York City between 81,000 and 100,000 jobs in 6 years. The latter is an estimate of the Commerce and Industry Association of New York, the main force behind the reform drive. The former is the figure which the New York City Department of Commerce and Industrial Development concedes.

The representatives of New York's commercial life met at an undisclosed place after a preliminary conference at 3:30 p.m., in the office of the Turner Construction Co., 150 East 42d Street. Henry Chandler Turner, Jr., president of Turner's, skyscraper builders, is president of the Commerce and Industry Association.

Also at the meeting was Walter F. Pease, a member of the law firm of Shearman & Sterling, president of the 197-year-old New York Chamber of Commerce, a cosponsor of the drive.

Those at the meeting are members of a committee of 14 which the city's business leadership has established. The committee includes the presidents or board chairmen of R. H. Macy's, the Chase Manhattan Bank (New York's largest), the Irving Trust Co., the New York Life Insurance Co., the Ford Foundation, the Consolidated Edison Co. of New York, the New York Telephone Co., the Seamen's Bank for Savings, the Downtown Lower Manhattan Association, Helmsley & Spear, Inc., who manage the Empire State Building and other properties, the Brooklyn Union Gas Co., and Abraham & Straus.

The businessmen pooled a knowledge of finances, of New York City real estate including property available for development as industrial parks, an awareness of cultural trends reflected in the activities of the Ford Foundation and a vested interest in the well-being of a city whose prosperity or decline intimately affects department stores, utilities, business firms, and other New York investments.

The business representatives faced a crowded agenda during the course of a 90-minute meeting. Some of the problems were these:

Whether to "take over" the city's year-old industrial development corporation, of which Commissioner of Commerce and Industrial Development Louis Broido is head, and whether Mr. Broido would allow such a "take-over." Mr. Broido would like to stay as president of the job-seeking corporation. It is the bulk of his city department's work. Mr. Broido also would like to limit business to a 50-50 control after the example of Philadelphia's successful bootstrap operation.

Whether to hire one of the executive directors of another of America's 1,600 community industrial development corporations, several of which have helped reverse downturns in New Haven, Hartford, Boston, Chicago, Kansas City, Atlanta, Seattle, and other cities.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS; Senate committee voted to report disaster relief bill. Senate debated independent offices appropriation bill. House passed Whiskeytown-Shasta-Trinity recreation area bill. Rep. Morse criticized wheat and rice provisions of farm bill.

SENATE

1. DISASTER RELIEF. The Public Works Committee voted to report (but did not actually report) S. 1861, the proposed Disaster Relief Act of 1965. p. D634
2. INDEPENDENT OFFICES APPROPRIATION BILL, 1966. Began debate on this bill, H. R. 7997. pp. 15907-8, 15910-40
3. LEGISLATIVE BRANCH APPROPRIATION BILL, 1966. Passed with amendments this bill, H.R. 8775, which includes items for the Government Printing Office and the Library of Congress. Concurred in the House action omitting funds "without prejudice" for future construction of a new GPO building because of the uncertainty regarding the site (pp. 15884-907). Conferees were appointed (p.

15907). House conferees have not yet been appointed.

4. FLOOD CONTROL. The "Daily Digest" states that the Public Works Committee "ordered favorably reported an original bill authorizing funds for various rivers and harbors and flood control projects throughout the country, which bill is being prepared for introduction." p. D634
 5. TRANSPORTATION. A subcommittee of the Commerce Committee approved for full committee consideration with amendments S. 1588, to authorize the Secretary of Commerce to undertake research and development in high-speed ground transportation. p. D634
 6. ELECTRIFICATION. Received from REA a report on the approval of a loan to the Western Farmers Electric Cooperative of Anadarko, Okla. p. 15846
Received from the Federal Power Commission a proposed bill "to amend the Federal Power Act"; to Commerce Committee. p. 15846
Both Houses received from the President reports on the Passamaquoddy tidal power project and the Upper St. John River hydroelectric development. pp. 15844, 15846
 7. WATERSHEDS. The Public Works Committee approved plans for works of improvement on the following watershed projects: Lower Little Tallapoosa River, Ga. and Ala.; Uncle John Creek, Okla.; Wilson Spring Creek, Tenn.; Attoyac Bayou, Tex.; Castleman Creek, Tex.; Donahoe Creek, Tex.; Cooper Creek, Ark.; Limestone Stream, Me.; Long Creek, Miss.; Tuscumbia River, Miss. and Tenn.; Grindstone-Lost-Muddy Creek, Mo.; Stewarts Creek-Lovills Creek, N.C. and Va.; Upper Elk Creek, Okla.; and Ferron, Utah. pp. D634-5
Received from the Budget Bureau plans for works of improvement on watersheds in "Florida, Iowa, Kansas, Mississippi, Nebraska, South Carolina, and Virginia"; to Agriculture and Forestry Committee (p. 15846); and in "Arkansas, Maine, Mississippi, Tennessee, Missouri, North Carolina and Virginia, Oklahoma, and Utah"; to Public Works Committee (p. 15847).
 8. WHEAT. Received from this Department a proposed bill to implement the International Wheat Agreement; to Agriculture and Forestry Committee. p. 15846
 9. FOREIGN AID. Sen. Miller urged the President to call an International Economic Conference to consider various subjects, including consideration of increased sharing of economic aid for development and military assistance. pp. 15860-1
 10. FOREIGN TRADE. Sen. McCarthy inserted several articles regarding the effects of exports, including agricultural exports, on the balance of payments situation. pp. 15878-82
 11. LEGISLATIVE ACCOMPLISHMENTS. Sen. Brewster commended legislative accomplishments this session of Congress and inserted two editorials on the matter. pp. 15942-3
 12. HOUSING. Sens. Neuberger and Tower submitted amendments intended to be proposed to S. 2213, the housing and urban development bill. p. 15856
- HOUSE
13. WHEAT; RICE. Rep. Morse criticized the wheat and rice provisions of the farm bill and called them inconsistent with other national programs, not only bad legislation but bad economics. p. 15820

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HIGHLIGHTS: House committee voted to report farm bill. Senate passed housing bill, including title on rural housing. Senate committee reported disaster relief bill. Sen. Bass favored enactment of new cotton legislation. Rep. Curtis urged thorough examination of "processing tax on wheat." House Rules Committee deferred action on ASC committee employees' fringe benefits bill.

HOUSE

1. FARM PROGRAM. The Agriculture Committee voted to report (but did not actually report) H. R. 9811, the farm bill. p. D656
Rep. Curtis asked that "the processing tax on wheat be thoroughly examined and openly debated" and inserted newsletter of the First National City Bank of N. Y. and Secretary Freeman's reply. pp. 16460-63
2. PERSONNEL. The "Daily Digest" states that the Rules Committee deferred action on H. R. 2452, to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county ASC committees. p. D657
3. RESEARCH ANIMALS. Rep. Resnick spoke in support of his bill to regulate the transportation, sale, and handling of dogs and cats intended to be used for research purposes or experimentation. pp. 16428-9

4. WATER. Rep. McCarthy discussed the Nation's water problems and said that the time has come to act and plan. pp. 16464-5
5. LEGISLATIVE PROGRAM. Rep. Albert announced that on Mon. the emergency highway relief bill would be brought up and that on Tues. and the balance of the week the House would consider H. R. 8283, the proposed Economic Opportunity Amendments of 1965, and H. R. 8856, to amend the Atomic Energy Act of 1954. p. 16423
6. ADJOURNED until Mon., July 19. p. 16477

SENATE

7. HOUSING LOANS. Passed, 54 to 30, with amendments H. R. 7984, the housing and urban development bill, after substituting the text of a similar bill, S. 2213 (pp. 16289, 16295-304, 16308-23, 16325-50). Title IX of the bill would provide a new \$300,000,000-per-year program of insured housing loans under the Farmers Home Administration in rural areas.
8. DISASTER RELIEF. The Public Works Committee reported with amendments S. 1861, the proposed Disaster Relief Act of 1965 (S. Rept. 459). p. 16357
Sen. Javits commended the announcement that the President has "asked a panel headed by the Secretary of the Interior to submit to him within a week a report on how the Federal Government could help alleviate the drought crisis in New England and Middle Atlantic States," and inserted an article on the situation. p. 16385
9. SILK; FOREIGN TRADE. Passed as reported H. R. 5768, to extend for an additional 3-year period (until Nov. 7, 1968) the existing suspension of duties on certain classifications of yarn of silk. pp. 16290-1
10. TRANSPORTATION. Conferees were appointed on H. R. 5401, to strengthen and improve the national transportation system (pp. 16313-4). House conferees have already been appointed.
11. VETERANS' BENEFITS. Began consideration of S. 9, to give cold war veterans educational and home-loan benefits similar to those for World War II veterans. pp. 16350-6
12. COTTON. Sen. Bass expressed hope that new legislation could be enacted to alleviate problems of the cotton industry and inserted an editorial, "Poor Cotton Farmers?". pp. 16375-6
13. ELECTRIFICATION. Sen. Proxmire commended and urged the reappointment of Joseph C. Swindler to the Federal Power Commission, stated that he had done a remarkable job with regard "to the regulation of the electric power industry," and inserted several items on the matter. pp. 16292-5
14. FARM PROGRAM. The "Daily Digest" states that the Agriculture and Forestry Committee "concluded its hearings on S. 1702, proposed Food and Agriculture Act of 1965, and other pending farm legislation, after receiving further testimony from Secretary of Agriculture Orville L. Freeman." p. D654
15. MARKETING. Sen. Hruska expressed his opposition to enactment of S. 985, the proposed packaging and labeling bill. pp. 16385-7

DISASTER RELIEF ACT OF 1965

JULY 15 (legislative day, JULY 14), 1965.—Ordered to be printed

Mr. BAYH, from the Committee on Public Works, submitted the following

REPORT

[To accompany S. 1861]

The Committee on Public Works, to whom was referred the bill (S. 1861) to provide additional assistance for areas suffering a major disaster, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

The purpose of S. 1861, as amended, is to—

(1) Provide Federal loan adjustments where an extreme financial hardship would result to the individual, partnership, corporation, or others without such relief.

(2) Provide for a program which would allow for grants to States for assistance to homeowners and businesses.

(3) Provide emergency shelter for disaster victims.

(4) Provide Federal Housing Administration-insured disaster loans.

(5) Provide grants to farmers in major disaster areas to restore production.

(6) Make available the civil defense communications system for use in warning of impending natural disasters.

(7) Provide assistance to unincorporated communities.

(8) Provide for school construction assistance in major disaster areas.

(9) Make available assistance for current school expenditures in major disaster areas.

(10) Provide for highway assistance in disaster areas.

(11) Provide priority for applications for public facility and public housing assistance.

(12) Provide authorization for public works expenditures for the repair, restoration, or reconstruction of such facilities.

(13) Provide that no duplication of benefits can be received with respect to any part of such a loss suffered.

THE NEED FOR A DISASTER RELIEF ACT

Under current legislative status, whenever a major natural disaster strikes it is necessary for the Congress to pass special legislation to provide the needed relief to the stricken area. Such action takes considerable time at a time when relief is needed immediately. This bill will provide the necessary standby authority which will be automatically engaged when the President so designates an area as a "major disaster area."

During the past 6 years three disaster bills have been required to provide relief for the major disasters experienced during this period. However, during this spring alone three major disasters have struck various sections of the country, which would have resulted in three separate relief bills had not S. 1861 been introduced and under serious consideration.

Because such major disasters are completely unexpected and in most cases strike an area totally unprepared or capable of recovery without outside assistance provisions must be made to have assistance readily available for immediate relief. Alaska, in 1964 for example, suffered earthquake damage to 2,398 properties, totaling \$62,808,000. The Pacific Northwest, later in 1964, also suffered extensive flood damage, estimated at \$461,500,000. In both these instances, separate relief legislation was required before the victims could receive much needed aid.

As stated earlier, in every case these individual bills include most of the same provisions for relief which are to be found in S. 1861. During the hearings on S. 1861 the enormity of the damage caused by the major disasters this past spring was dramatically brought home to the committee.

In Minnesota, for example, Governor Rolvaag testified that disasters in 1964 and 1965 have caused an estimated \$243 million in damage. Tornadoes alone in less than 3 hours killed 14 people, injured 650 seriously enough to be hospitalized, and destroyed 1,200 homes, while causing an estimated \$34.5 million in damage. These figures alone are staggering enough, but become even more shocking where they were preceded by floods which did \$96.5 million of damage in 65 of Minnesota's 87 counties! Such damage cannot be borne alone by the areas which have suffered, but must be spread over the entire country if the area is to survive and rebuild itself. Minnesota is not unique in its suffering; Indiana and Michigan are now only emerging from the shock and extreme damage recently suffered as a result of tornadoes. In 1 small area of Indiana, 60 people suffered tornado damages amounting to over \$1 million, almost half of which was a total loss, as no assistance was available to cover it. In 1 day, 138 were killed, another 1,369 injured, 1,251 homes were destroyed, 1,055 farm buildings destroyed, and another 3,875 families suffered losses less than total. Damage in Wisconsin due to tornadoes and flooding is estimated to exceed \$15 million, with over three-fourths of it ineligible for aid under existing relief programs.

In Colorado, during the June floods, 125,000 people had to be evacuated from their homes, 17 bridges and grade separations on the Interstate System were destroyed, and damage is estimated to exceed \$102 million.

These examples are by no means exhaustive, but are only cited as indications of the kinds and magnitude of the destruction which is visited upon relatively small areas.

As mentioned earlier, the speed with which these disasters strike and the tremendous damage they inflict indicates the vital necessity for providing the means for creating fully operational and completely prepared disaster relief programs under the several States, in cooperation with the Federal Government. With this purpose in mind the Public Works Committee has worked to further develop S. 1861 as a complete vehicle to provide the means for prompt and efficient assistance to disaster victims.

GENERAL STATEMENT

S. 1861, the Disaster Relief Act of 1965, was referred to the Committee on Public Works, by unanimous consent of the Senate. The committee recognizes that some of the contents of this bill encompass jurisdiction of other committees. However, the committee has limited itself to consideration of the effects of natural disasters and means of alleviating hardship to individuals and communities as a result of those disasters.

In considering this bill, the committee held 2 days of public hearings and received testimony from 30 witnesses, and was most concerned by the facts brought out during these hearings. Of particular concern to the committee were the apparent gaps in the assistance to disaster victims and the inability of disaster-struck areas to recover without substantial outside assistance.

Another area of concern was the critical timelag which exists from the time a disaster occurs until the time when major outside assistance becomes available to the victims. This, coupled with the almost universal lack of a coordinated disaster relief program, pinpointed the widespread need for such a standby program.

Toward this end, the committee reviewed the various individual disaster relief acts which had been previously enacted and, as a result, was able to develop a general pattern or framework which these bills followed. These basic items, plus other needs which were brought out in the public hearings and in discussions with the victims, Federal, State, and local officials, and others were incorporated into the all-inclusive Disaster Relief Act.

COMMITTEE VIEWS

The committee hopes that passage of S. 1861 will remove the necessity for special authorizations following natural disasters as has been the custom. In so doing, the Congress will still have an opportunity to review the costs of such assistance without delaying badly needed aid.

Since essentially the same provisions are put into all the disaster relief acts it seems sensible to have a national policy. The policy which the committee deems best is one where there is a Federal-State

partnership. Thus the committee has included a section which enables the establishment of a Federal-State plan to meet disaster needs.

Creation of such a plan by a State should further shorten time between the disaster occurrence and the beginning of assistance to those stricken.

The committee does not feel that individuals and businesses in States which fail to avail themselves of Federal-State planning should be penalized as a result but the executive branch should necessarily take cognizance of the measure of the assistance necessary when no State plan exists.

A major desire of the committee is that relief should be rapid and toward this end it emphasizes that applications for disaster loans should not be delayed while the applicant proves that non-Government money was not available.

The provisions of this bill also were designed to provide equal treatment as near as possible to homeowners, farmers, and businessmen; to cities, villages, and rural areas.

However, the agencies administering this act will have to exercise sound judgment since a great deal of discretion is available in so far as the size of this program is concerned.

The committee feels that the best guideline is that no individual or community should be worse off but that the provisions are not intended to provide windfall benefits or accomplish what is denied under other legislation.

COMPARISON WITH PREVIOUS DISASTER RELIEF

Following each previous major national disaster separate bills were needed to provide the necessary relief for the disaster areas. All previous legislation enacted contained in each individual bill the following provisions:

- (a) Federal loan adjustment assistance;
- (b) Grants for assistance to homeowners and businesses;
- (c) Assistance for public facilities destroyed or damaged;
- (d) Assistance to restore or rebuild Federal-aid highways destroyed or damaged; and
- (e) Assistance to repair or restore primary and secondary educational facilities.

Depending on the type of natural disaster, additional assistance has been granted by Congress, such as—

- (a) Shelter for disaster victims, and
- (b) Assistance to farmers.

Enactment of S. 1861 allows the President this same authority on a permanent basis, to be exercised only following a major disaster, providing the area is designated a major disaster area by the President.

Certain other assistance has never been available under previous legislation, but will be provided for under S. 1861. This assistance is as follows:

- (a) Assistance to unincorporated areas, and
- (b) Assistance for the repair and reconstruction of roads, streets, and bridges under a nonfederally aided category.

Previous legislation has provided for assistance to unincorporated urban areas and federally aided roads; thus, the above new provisions extend similar aid to previously uncovered areas.

MONETARY AUTHORIZATION

This act provides for no specific dollar authorization, except that in section 11(b), where it authorizes funds to be appropriated not to exceed \$50 million each fiscal year from the general fund for the repair, restoration, or reconstruction of Federal-aid highways.

The amount of funds ultimately needed under the other nine sections can only be determined by the disaster inflicted and the degree the executive branch feels should be included in a rehabilitation program.

The authorization is:

Sec.	Purpose	Funds required
3	Federal loan adjustments.....	Authorizes such funds as may be required for each disaster.
4	Grants to States.....	Up to a maximum of \$250,000 per State for 50 percent of the planning requirements.
	Program.....	Authorizes such funds as may be required for each disaster but limits Federal portion to 50 percent of total.
5	Shelter for disaster victims.....	Authorizes such funds as may be required for each disaster.
6	Insured disaster loans.....	Do.
7	Grant assistance to farmers.....	Authorizes such funds as may be required for each disaster, with a maximum of \$10,000 per victim.
8	Disaster warnings.....	Authorizes such funds as may be required for each disaster.
9	Assistance to unincorporated communities.....	Authorizes such funds as may be required for each disaster. Individual grants up to 50 percent of the cost involved.
10	School assistance.....	Authorizes such funds as may be required for each disaster.
	Replacement and repair of facilities.....	Office of Education estimates \$750,000 per year.
	Assistance for current operating expenses.....	Estimates are for an annual cost of \$750,000.
11	Highway assistance.....	\$50,000,000 maximum annually from the general fund.
12	Priority to disaster area applicants for public facility and public housing applications.	No additional funds required.
13	Authorization for public works expenditures.....	Authorizes such funds as may be required for each disaster.
14	Duplication of benefits.....	No funds required.

SECTION-BY-SECTION ANALYSIS

Section 2. Defines the term "major disaster"

Section 3. Federal loan adjustments

The purpose of this section is to provide relief to individuals, groups, or businesses having loans made by the Rural Electrification Administration, the Housing and Home Finance Agency, and the Veterans' Administration. The relief is through refinancing, adjustment, or readjustment of principal and interest payment schedules, and extensions of maturity dates where an impairment of the economic feasibility or an extreme financial hardship would result without such relief.

The committee recognized that authority was already in existence for the Small Business Administration and the Farmers Home Administration to make direct loans, as well as adjust or readjust principal and interest schedules and to extend maturity dates for disaster victims; however, it is concerned that the necessity existed for such victims to first have to seek relief from private capital sources before they could apply for relief from these agencies. To correct this situation, the committee has included language waiving this require-

ment for disaster victims, thereby making them eligible for these direct loans more expeditiously.

Section 4. Grants to States for assistance to homeowners and businesses

The purpose of this section is to provide assistance to States in developing and carrying out comprehensive and practicable programs for assisting homeowners and business concerns suffering property losses as a result of a major disaster.

The committee feels that the importance of a well-planned and fully operational State disaster program cannot be overemphasized. The basic planning of such a program, although of major significance, is no more important than the day-to-day operational and staffing readiness of such a program. The overall basic philosophy on which such a plan should be predicated is complete readiness, always operational, and with the best staffing possible. The committee expects that States participating in this program will create meaningful agencies to direct the program.

It is recognized that in any disaster it is impossible to make anyone whole; therefore, the individual victim is expected to assume the first 25 percent of the property loss sustained, with the State assuming the next 25 percent, and the Federal Government the balance, up to a total loss value of \$30,000 for homeowners and \$100,000 for businesses.

The procedures involved in providing an adequate and just system of damage appraisal is admittedly difficult and, therefore, every effort should be made to provide in advance of a disaster adequate guidelines and appraisal criteria to insure a fair market value on the destroyed or damaged property.

The committee stresses the fact that this is a joint Federal-State disaster program and as such requires close cooperation and coordination on the part of both parties. This section requires that the State disaster plan be approved by the Federal Government before disaster victims can realize any of the assistance it provides. Consequently, it is incumbent upon the Federal Government to develop its guidelines and policies in a timely fashion, and it is also incumbent upon the several States to set to work immediately to get their disaster plans drafted, submitted, and approved so, should a natural disaster strike, relief will be readily available.

Section 5. Shelter for disaster victims

This section authorizes the Federal Government to provide temporary housing for disaster victims whose dwelling has been destroyed or made uninhabitable as a result of the major disaster and the victim is unable to provide shelter for himself and his family. Care should be exercised to insure that the individual or family is a bona fide occupant of the facility involved and that he has no means of assistance other than this. Emergency shelter may be provided for up to 12 months, and the cost of such shelter may not exceed 25 percent of the individual's or family's income. Although this section authorizes outright purchase of shelter facilities by the Federal Government, the committee strongly recommends that this authority be used only as a last resort, and that any shelter facilities so acquired be disposed of as quickly as possible.

Section 6. Other housing assistance

This section amends section 221 of the National Housing Act to permit disaster victims to qualify for the same assistance as now is

available to moderate income and displaced families as a result of urban renewal or other Government action.

It is the feeling of the committee that disaster victims which come under this category are as well as, if not more, qualified for this type of aid and assistance due to their circumstances, as they are unable to plan in advance for the situation in which they suddenly find themselves.

Section 7. Assistance to farmers in major disaster areas

The purpose of this section is to authorize grants to farmers to repair or restore their fields, herds, fences, or crops to the state or condition they were in prior to the disaster. It is designed to help those who would have earned money from the crops or livestock or to assist them in paying the costs over and above the normal costs of placing a field into production. It is contemplated that only those fields which have been under cultivation or had been in the process of being readied for cultivation will be eligible for grant assistance under this section of the act. Grants may be made for two-thirds of the costs, with a maximum grant of \$10,000.

Section 8. Disaster warnings

This section authorizes the use of the civil defense communications system to warn of impending natural disasters. The committee included this section to encourage local communities to make a wider use of this readymade warning system. It is felt that as a result of this, a uniform and readily understood warning system can become a reality and, therefore, prevent or, at least reduce, the loss of life and a reduction in losses due to natural disasters.

Section 9. Assistance to unincorporated communities

This section broadens the coverage of the Federal Disaster Act to make eligible for assistance under this act unincorporated communities which may, as a result of a natural disaster, require financial assistance.

This section also amends the Consolidated Farmers Home Administration Act of 1961 to enable the making or insuring of loans for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities to associations, public, quasi-public, and nonprofit corporations providing community services in rural areas when such services are needed to rebuild a community.

It also authorizes 50-percent construction grants for waste disposal systems, water systems, and other public facilities where the revenue to be realized by the systems would not repay the loan, or the user charges would need to be beyond the ability of the majority of the users to pay, and if these charges would be above average for comparable communities in the State.

It is the committee's intent to assist these communities to rebuild where, as a result of a disaster, they are partially destroyed and the prospects of rebuilding are diminished as a consequence of the needed public facilities not being available. It is believed that by making these facilities available the community has a better opportunity to once again achieve the status it enjoyed prior to the disaster. Furthermore, should these facilities not be made available, those remaining individuals and business concerns surviving the disaster would conceivably suffer due to the outmigration of disaster victims to

other areas offering the facilities and services in question. It is believed that by including this section of the act the prospects for a faster and more complete recovery of the disaster area are greatly enhanced.

Section 10. Elementary and secondary school assistance in disaster areas

SCHOOL CONSTRUCTION IN DISASTER AREAS

The bill adds a new section to Public Law 815 which would authorize the Commissioner of the Office of Education to provide additional financial assistance to a local public school district to enable such agency to construct new facilities to replace school facilities destroyed or to restore facilities damaged as a result of a major disaster.

Appropriations are authorized for the purpose of meeting the costs of administering the new section. Pending appropriations the Commissioner could use fund appropriated for the other provisions of Public Law 874 to immediately provide the disaster assistance, such appropriations to be reimbursed from appropriations authorized by this subsection when they become available to the Commissioner.

The following conditions prerequisite to the furnishing of such assistance are required by the legislation:

(1) A determination by the Director of the Office of Emergency Planning that the school facilities were in the area declared by the President to be a major disaster area under the provisions of 42 U.S.C. 1855 warranting disaster assistance by the Federal Government;

(2) That the Governor of the State in which the local educational agency is located certifies the need for disaster assistance and has given assurance of the expenditure of State funds or local agency funds for the same or similar purposes with respect to the disaster;

(3) That the school facilities in question have been destroyed or seriously damaged as a result of the disaster;

(4) That the local agency is making a reasonable tax effort and exercising due diligence in availing itself of other financial assistance available for the replacement or restoration of such facilities;

(5) That the local agency does not have sufficient funds available to it from State, local, and other Federal sources and from the benefits of insurance to provide the minimum school facilities needed for the restoration or replacement of the facilities in question;

(6) That the local school agency has complied with section 7(a)(3) of Public Law 874 subsequently discussed in this analysis.

Procedures to be followed by the local educational agency in applying for the disaster assistance call for submission of applications to the Commissioner through the appropriate State educational agency.

Authority is provided for payment to a district whose application has been approved in advance or by way of reimbursement and in such installments as the Commissioner determines.

OPERATION OF SCHOOLS IN DISASTER AREAS

The bill adds a new section to Public Law 874 which authorizes the Commissioner of the Office of Education to provide financial assistance to any local public school agency to assist in the financing of the operation of elementary and secondary school programs which have been affected by a major disaster. Limitations imposed on the provision of such assistance are:

(1) A determination by the Director of the Office of Emergency Planning that the local public school district was in an area declared by the President to be a major disaster area under the provisions of 42 U.S.C. 1855 warranting disaster assistance by the Federal Government;

(2) That the Governor of the State in which the local educational agency is located certify the need for disaster assistance and has given assurance of the expenditure of State funds or local agency funds for the same or similar purposes with respect to the disaster;

(3) That the local educational agency is making a reasonable tax effort and is exercising due diligence in availing itself of other available financial assistance in the operation of its elementary and secondary school program;

(4) That to the extent that the operation of private elementary and secondary schools in the school attendance area served by the local educational agency has been disrupted or impaired by such disaster, the local public educational agency has made provision for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate;

(5) That the additional assistance provided local school districts be provided for a period not greater than a 5-year period beginning with the fiscal year in which the President determines such area suffered a major disaster;

(6) That the amount provided shall not exceed the amount deemed to be necessary to enable such agency with all funds available to it to provide a level of education equivalent to that maintained in the schools in the fiscal year preceding the major disaster, together with any additional funds required for such local public school agency to provide educational services to students enrolled in private elementary and secondary schools also adversely affected by the disaster;

(7) That amounts provided for the second, third, and fourth fiscal years shall not exceed 75 percent, 50 percent, and 25 percent, respectively, of the amount so provided for the first fiscal year following such determination.

The provisions of the bill referred to in item (4) above are designed to assure that suitable provision be made for the continuing education of children attending private schools affected by the same disaster.

It is, of course, impossible to determine the conditions which will exist under emergencies created by a flood, tornado, earthquake, fire, or other catastrophe. For this reason, it is the purpose of the provision to provide Federal financial assistance for those aspects of a local district's plan which are designed to assure the continued education of all children in the area served by the school district, during

the period of emergency—irrespective of whether or not such children are enrolled in public or private schools. Where public school facilities are damaged or are otherwise inadequate to accommodate all the children, the local school district could provide for the rental or lease of public or other undamaged facilities to accommodate teachers and pupils from public and private schools during the period of adjustment from the disaster.

In this respect Federal funds are authorized to supplement all other funds available to provide a level of education equivalent to that maintained in the schools of such local public school agency during the last full fiscal year prior to the occurrence of the major disaster, taking into account the additional cost reasonably necessary for the local public school district to provide teachers, equipment, and materials in an expanded school program to accommodate private school students whose school operations were impaired or entirely disrupted as a result of the disaster.

The legislation does not authorize Federal funds for any private school or institution. All programs assisted with Federal funds under the provisions of the new sections are under public auspices and control. Equipment, supplies, and materials acquired by such agency with Federal funds are the property of the local public school agency.

COST OF DISASTER PROVISIONS

Information supplied by the U.S. Office of Education indicates that expenditures by the Office of Emergency Planning for replacing with temporary facilities and for repairing and equipping school buildings destroyed by disaster varies from year to year, but has averaged approximately \$750,000 a year for each of the past 5 years. The provisions of the reported bill authorize the Office of Education to provide permanent rather than temporary facilities for buildings that were destroyed and to provide current operating expenses for a 5-year period on a reduced basis each year. In addition, this legislation authorizes provision in the public schools of facilities and operating costs for children from nonpublic schools affected by the disaster. Under the somewhat broadened authority provided in this bill over that now held by the Office of Emergency Planning, the Office of Education estimates that the annual average cost of the disaster provision would be between \$1,250,000 and \$1,500,000 annually.

Section 11. Highway assistance in disaster areas

This section amends section 120(f) of title 23, United States Code, thereby increasing the Federal share payable for the repair or reconstruction of any Federal-aid highway necessitated by a major disaster to as much as 100 percent.

This section also amends section 125 of title 23, United States Code, to authorize to be appropriated from the general fund not to exceed \$50 million per year for emergency highway relief.

While the committee does not desire to provide blanket retroactivity, it believes that States which have experienced keeping destruction in recent major disasters and have received no Federal aid prior to passage of this act should receive assistance under this section.

The committee expects the Administrator to prepare the necessary rules and regulations in order to establish some uniformity or criteria

to determine as much as practicable the amount of the Federal Government's participation. In no instances, however, shall the participation be less than was originally provided for the construction of the highway, road, or street. Among other criteria which the committee feels to be significant is the State or other governmental body's ability to pay, the extent of the damage inflicted, and in the case of the Interstate Systems, the progress made to date or the percentage of the State's system that is completed.

Section 12. Priority of certain applications for public facility and public housing assistance

This section provides that priority be given to public bodies located in major disaster areas making application for assistance under the public facilities loan programs and public housing programs of the Housing and Home Finance Agency.

It is the committee's intent that applications received from disaster areas will receive first consideration regardless of the number of pending applications as immediate consideration is necessary to alleviate the hardship and suffering of the victims in such disaster areas.

Section 13. Authorization for public works expenditures

This section authorizes funds to be appropriated as necessary to repair, restore, or reconstruct any project, authorized by an act of Congress, which is completed or under construction. Projects included under this section are for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, airport construction, and other public facilities.

It is intended that the funds available under this section are to be used to compensate for the additional costs generated by the disaster and necessary to get the facility into operation.

This section further authorizes funds to be appropriated for the repair, reconstruction, or restoration of public roads, bridges, and streets damaged or destroyed as a result of a major disaster and which were constructed without funds provided under section 125 of title 23, United States Code.

The Committee recognizes that during times of major disasters that State and local units of government are hard pressed financially to provide the necessary matching funds to restore the Federal-aid highways, much less to be in a position whereby they are able to repair or restore local streets and bridges destroyed or damaged. In order to assist these areas, and to enable the economy to return to normal more rapidly, it is the committee's intent to provide the funds necessary to repair, restore, or reconstruct these nonfederally aided roads. This section authorizes assistance up to 100 percent of the costs involved; however, the committee recommends to the Director of the Office of Emergency Planning that steps be taken to develop rules, regulations, and criteria for determining the amount of Federal assistance for these purposes.

Section 14. Duplication of benefits

This section provides that no assistance may be duplicated for any part of a loss a victim may suffer as a result of a major disaster. The

committee recognizes the urgent need for financial assistance to these disaster areas, but fully realizes complete assistance is not possible. It further desires that necessary actions be taken by the agencies involved to prevent duplication of benefits. It feels that the agencies involved can and will take the appropriate steps necessary when developing their procedures.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*).

AN ACT TO PROVIDE ADDITIONAL ASSISTANCE FOR AREAS SUFFERING A MAJOR DISASTER—

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1965".

DEFINITIONS

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

TITLE 38—VETERANS' BENEFITS

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SUBCHAPTER III.—ADMINISTRATIVE PROVISIONS

§ 1820. Powers of Administrator.

* * * * *

(f) *The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as defined in subsection 1855a(a) of title 42, United States Code. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.*

FEDERAL DISASTER ACT (AS AMENDED)

(Public Law 875, 81st Cong.)

(42 U.S.C. 1855-1855g)

AN ACT To authorize Federal assistance to States and local governments in major disasters, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the intent of Congress to provide an orderly and continuing means of assistance by the Federal Government to States and local governments in carrying out their responsibilities to alleviate suffering and damage resulting from major disasters, to repair essential public facilities in major disasters, and to foster the development of such State and local organizations and plans to cope with major disasters as may be necessary.

SEC. 2. As used in this Act, the following terms shall be construed as follows unless a contrary intent appears from the context:

(a) "Major disaster" means any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe in any part of the United States which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available resources of States and local governments in alleviating the damage, hardship, or suffering caused thereby, and respecting which the governor of any State (or the Board of Commissioners of the District of Columbia) in which such catastrophe may occur or threaten certifies the need for disaster assistance under this Act, and shall give assurance of expenditure of a reasonable amount of the funds of the government of such State, local governments therein, or other agencies, for the same or similar purposes with respect to such catastrophe;

(b) "United States" includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands;

(c) "State" means any State in the United States, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands;

(d) "Governor" means the chief executive of any State;

(e) "Local government" means any county, city, village, town, district, or other political subdivision of any State, or the District of Columbia, and includes any rural community or unincorporated town or village with respect to which the head of the Federal agency concerned determines that (1) there is a need for assistance under this Act, (2) the furnishing of such assistance is feasible, and (3) it will be effectively utilized;

(f) "Federal agency" means any department, independent establishment, Government corporation, or other agency of the executive branch of the Federal Government, excepting, however, the American National Red Cross.

TITLE 7—AGRICULTURE

* * * * *

SUBCHAPTER I.—REAL ESTATE LOANS

* * * * *

§ 1926. Water facilities loans to associations; limitation; prohibition against curtailment of services.

* * * * *

(c) *In areas which have suffered major disasters the Secretary is authorized, without regard to the limitations of subsection (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems, water systems, and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed the cost for such services in comparable communities in the State.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC LAW 815, 81ST CONGRESS

(20 U.S.C. 631-645)

AN ACT Relating to the construction of school facilities in areas affected by Federal activities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

* * * * *

DEFINITIONS

SEC. 15. For the purposes of this Act—

(1) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by the District of Columbia. Such term includes real property which is owned by the United States and

leased therefrom and the improvements thereon, even though the lessee's interest, or any improvement on such property, is subject to taxation by a State or a political subdivision of a State or by the District of Columbia. Except for the purposes of section 10, such term also includes (A) real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States, and (B) any school which is providing flight training to members of the Air Force under contractual arrangements with the Department of the Air Force at an airport which is owned by a State or a political subdivision of a State. Notwithstanding the foregoing provisions of this paragraph, such term does not include (A) any real property used by the United States primarily for the provision of services or benefits to the local area in which such property is situated, (B) any real property used for a labor supply center, labor home, or labor camp for migratory farmworkers, (C) any real property under the jurisdiction of the Post Office Department and used primarily for the provision of postal services, or (D) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 671, Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

(2) The term "child" means any child who is within the age limits for which the applicable State provides free public education.

(3) The term "parent" includes a legal guardian or other person standing in loco parentis.

(4) The term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State.

(5) The membership of schools shall be determined in accordance with State law or, in the absence of State law governing such a determination, in accordance with regulations of the Commissioner; except that, notwithstanding any other provision of this Act, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this Act, the membership of such child, shall be held and considered—

(A) if the two local educational agencies concerned so agree, and if such agreement is approved by the Commissioner, as membership of a school of the local educational agency receiving such tuition payment;

(B) in the absence of any such approved agreement, as membership of a school of the local educational agency so making or contracting to make such tuition payment.

In any determination of membership of schools, children who are not provided free public education (as defined in paragraph (4)) shall not be counted.

(6) The average per pupil cost of constructing minimum school facilities in the State in which the school district of a local educational agency is situated shall be determined by the Commissioner of Education on the basis of the contract cost per square foot under con-

tracts for the construction of school facilities (exclusive of costs of site improvements, equipment, and architectural, engineering, and legal fees) entered into in the State for the base year designated in the application, increased by a percentage estimated by the Commissioner to represent additional costs for site improvements, equipment, and architectural, engineering, and legal fees, and multiplied by a factor estimated by the Commissioner to represent the area needed per pupil in minimum school facilities. If the Commissioner finds that the information available for the State concerned for such preceding fiscal year is inadequate or not sufficiently representative, he shall determine such cost on the basis of such information as he has available and after consultation with the State educational agency. The cost of constructing minimum school facilities in the school district of a local educational agency shall be determined by the Commissioner, after consultation with the State and local educational agencies, on the basis of such information as may be contained in the application of such local educational agency and such other information as he may obtain.

(7) Estimates of membership, and all other determinations with respect to eligibility and maximum amount of payment, shall be made as of the time of the approval of the application for which made, and shall be made on the basis of the best information available at the time of such approval.

(8) The terms "construct", "constructing", and "construction" include the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.

(9) The term "school facilities" includes classrooms and related facilities; and initial equipment, machinery, and utilities necessary or appropriate for school purposes. Such term does not include athletic stadiums, or structures or facilities intended primarily for athletic exhibitions, contests, or games or other events for which admission is to be charged to the general public. Except as used in sections 9 and 10, such term does not include interests in land and off-site improvements.

(10) Whether or not school facilities are minimum school facilities shall be determined by the Commissioner, after consultation with the State and local educational agencies, in accordance with regulations prescribed by him.

(11) The term "local educational agency" means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities for providing free public education or which has responsibility for the provision of such facilities.

(12) The term "State educational agency" means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

(13) The term "State" means a State, Puerto Rico, Guam, the District of Columbia, the Virgin Islands, or Wake Island.

(14) The terms "Commissioner of Education" and "Commissioner" mean the United States Commissioner of Education.

(15) The term "base year" means the regular school year preceding the fiscal year in which an application was filed under this Act or the regular school year preceding such school year, as may be designated in the application, except that in the case of an application based on children referred to in paragraph (2) or (3) of section 5(a), the base year shall in no event be later than the regular school year 1963-1964; and

(16) The term "increase period" means the period of two consecutive regular school years immediately following such base year.

SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

SEC. 16. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

(1)(A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities;

(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged; and

(5) to the extent that the operation of private elementary and secondary schools in the school attendance area of the local educational agency has been disrupted or impaired by such disaster, such local educational agency has complied with the provisions of section 7(a)(3) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), with respect to provisions for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate.

the Commissioner may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest, but such additional assistance, plus the amount which he determines to be available from State, local, and other Federal sources (including funds available under other

provisions of this Act), and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to this section.

PUBLIC LAW 874, 81ST CONGRESS

AN ACT To provide financial assistance for local educational agencies in areas affected by Federal activities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FINANCIAL ASSISTANCE FOR LOCAL EDUCATIONAL AGENCIES IN AREAS AFFECTED BY FEDERAL ACTIVITY

* * * * *

ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS

SEC. 7. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

(1)(A) such agency is located in whole or in part within an area, which, after the date of enactment of this section and prior to July 1,

1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

(2) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency, and

(3) to the extent that the operation of private elementary and secondary schools in the school attendance area of such local educational agency has been disrupted or impaired by such disaster, such local educational agency has made provision for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate: Provided, That nothing contained in this Act shall be construed to authorize the making of any payment under this Act for religious worship or instruction, the Commissioner may provide to such agency the additional assistance necessary to provide free public education to the children attending the schools of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five fiscal year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster, taking into account the additional costs reasonably necessary to carry out the provisions of subparagraph (3) of this section. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major disaster, and to

lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

SECTION 1 TITLE 23—HIGHWAYS

CHAPTER 1—FEDERAL-AID HIGHWAYS

* * * * *

§ 120. Federal share payable

* * * * *

(f) The Federal share payable on account of any repair or reconstruction provided for by funds made available under section 125 of this title shall not exceed 50 per centum of the cost thereof, except that the Federal share payable on account of any repair or reconstruction of forest highways, forest development roads and trails, park roads and trails, and Indian reservation roads may amount to 100 per centum of the cost thereof, whether or not such highways, roads, or trails are on any Federal-aid highway system[]: And provided further, That the Federal share payable on account of any repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), may be as much 100 per centum of the cost thereof. Any project agreement for which the final voucher has not been approved by the Secretary on or before the date of this Act may be modified to provide for the Federal share authorized herein.

* * * * *

§ 125. Emergency relief

(a) An emergency fund is authorized for expenditure by the Secretary, subject to the provisions of this section and section 120, for the repair or reconstruction of highways, roads, and trails which he shall find have suffered serious damage as the result of disaster over a wide area, such as by floods, hurricanes, tidal waves, earthquakes, severe storms, landslides, or other catastrophes in any part of the United States. [The appropriation of such moneys, not to exceed \$30,000,000, as may be necessary for the initial establishment of this fund and for its replenishment on an annual basis is authorized.] *There is authorized to be appropriated from the General Fund not to exceed \$50,000,000 for the fiscal year ending June 30, 1965, and not to exceed \$50,000,000 for each fiscal year thereafter for the purposes of such fund.* Pending such appropriation or replenishment the Secretary may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with the provisions of this title, including existing Federal-aid appropriations, such sums as may be necessary for the immediate prosecution of the work herein authorized, such appropriations to be reimbursed from the appropriations herein authorized when made.

(b) The Secretary may expend funds from the emergency fund herein authorized for the repair or reconstruction of highways on the Federal-aid highway systems, including the Interstate System, in accordance with the provisions of this chapter. Except as to highways, roads, and trails mentioned in subsection (c) of this section, no funds shall be so expended unless the Secretary has received an application therefor from the State highway department, and unless an emergency has been declared by the Governor of the State and concurred in by the Secretary.

(c) The Secretary may expend funds from the emergency fund herein authorized, either independently or in cooperation with any other branch of the Government, State agency, organization, or person, for the repair or reconstruction of forest highways, forest development roads and trails, park roads and trails, and Indian reservation roads, whether or not such highways, roads, or trails are on any of the Federal-aid highway systems.

NATIONAL HOUSING ACT

* * * * *

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. (a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas [or as a result of governmental action], *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in*

major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

* * * * *

(d) To be eligible for insurance under this section, a mortgage shall—

* * * * *

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area [or as a result of governmental action] *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g): Provided further*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area [or as a result of Government action,] *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)*, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at * * *

(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-

sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association, or other mortgagor approved by the Commissioner, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, and \$17,000 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, and \$20,000 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(iii) not to exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1) of this section, the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further*, That such property or project, when constructed, or repaired

and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal [or other governmental action] *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g), shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or*

* * * * *

(6) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of subsection (d) (2) of this section not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area [or as a result of governmental action] *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g), (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: Provided, That no mortgage insured under section (d) (2) of this section shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements.*

* * * * *

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) of this section shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this chapter, the Commissioner, in order to assist further the provisions of housing for low and moderate income

families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after June 30, 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d) (2) or (d) (4) of this section after September 30, 1965, or under subsection (d) (3) of this section after September 30, 1965, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas **[or as a result of governmental action]** *a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).* Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 1701q of this title, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section.



Calendar No. 443

89TH CONGRESS
1ST SESSION

S. 1861

[Report No. 459]

IN THE SENATE OF THE UNITED STATES

APRIL 30, 1965

Mr. BAYH (for himself, Mr. BARTLETT, Mr. BURDICK, Mr. CLARK, Mr. DIRKSEN, Mr. DOUGLAS, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. INOUE, Mr. JACKSON, Mr. KENNEDY of Massachusetts, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCGEE, Mr. McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MORSE, Mr. NELSON, Mrs. NEUBERGER, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SMATHERS, Mr. SYMINGTON, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, Mr. YOUNG of Ohio, Mr. BOGGS, Mr. COOPER, Mr. FONG, Mr. MURPHY, Mr. MUSKIE, Mr. PEARSON, and Mr. ALLOTT) introduced the following bill; which was read twice and referred to the Committee on Public Works

JULY 15 (legislative day, JULY 14), 1965

Reported by Mr. BAYH, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To provide additional assistance for areas suffering a major disaster.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Disaster Relief Act of
4 1965".

1

DEFINITIONS

2

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

8

FEDERAL LOAN ADJUSTMENTS

9

SEC. 3. (a) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Farmers Home Administration where he finds such refinancing necessary because of property losses sustained by such borrower as a result of a major disaster. Any loan so refinanced may provide for the repair or construction of structures and for the purchase of building sites when the original sites cannot be utilized as a result of such disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he

1 determines that such action is necessary to avoid severe
2 financial hardship.

3 (b) The Secretary of Agriculture is authorized to re-
4 finance a borrower's indebtedness under programs adminis-
5 tered by the Rural Electrification Administration, where he
6 finds such refinancing necessary because of loss, destruction,
7 or damage of property resulting from a major disaster. The
8 term of such loan may be extended for such period as will
9 provide a maturity of not to exceed forty years: *Provided,*
10 That the Secretary may authorize a suspension in the pay-
11 ment of principal and interest charges on, and an additional
12 extension in the maturity of, any such loan for a period not
13 to exceed five years if he determines that such action is
14 necessary to avoid severe financial hardship.

15 *SEC. 3. (a) Where such action is found to be necessary*
16 *because of loss, destruction, or damage of the property, or*
17 *impairment of the economic feasibility of the system, of bor-*
18 *rowers under programs administered by the Rural Electrifi-*
19 *cation Administration, resulting from a major disaster, the*
20 *Secretary of Agriculture is authorized to adjust and to re-*
21 *adjust the schedules for payment of principal and interest on*
22 *loans to such borrowers, and to extend the maturity dates*
23 *of such loans to a period not beyond forty years from the*
24 *dates of such loans. The authority herein conferred is in*

1 addition to the loan extension authority provided in section
2 12 of the Rural Electrification Act.

3 ~~(c)~~ (b) The Housing and Home Finance Administra-
4 tor is authorized to refinance any note or other obligation
5 which is held by him in connection with any loan made by
6 the Housing and Home Finance Agency, or which is in-
7 cluded within the revolving fund for liquidating programs
8 established by the Independent Offices Appropriation Act of
9 1955, where he finds such refinancing necessary because of
10 the loss, destruction, or damage to property or facilities
11 securing such obligations as a result of a major disaster.
12 The interest rate on any note or other obligation refinanced
13 under this subsection may be reduced to a rate not less than
14 3 per centum per annum, and the term thereof may be ex-
15 tended for such period as will provide a maturity of not to
16 exceed forty years: *Provided*, That the Administrator may
17 authorize a suspension in the payment of principal and inter-
18 est charges on, and an additional extension in the maturity
19 of, any such loan for a period not to exceed five years if he
20 determines that such action is necessary to avoid severe
21 financial hardship.

22 ~~(d)~~ The Administrator of Veterans' Affairs is authorized
23 to refinance any loan made by the Veterans' Administration
24 where he finds such refinancing necessary because of the loss,
25 destruction, or damage to property securing such loan as the

1 result of a major disaster. The interest rate on any loan
2 refinanced under this subsection may be reduced to a rate not
3 less than 3 per centum per annum, and the term thereof may
4 be extended for such period as will provide a maturity of
5 not to exceed forty years: *Provided*, That the Administrator
6 may authorize a suspension in the payment of principal and
7 interest charges on, and an additional extension in the matu-
8 rity of, any such loan for a period not to exceed five years if
9 he determines that such action is necessary to avoid severe
10 financial hardship.

11 (c) Loans made pursuant to paragraph (1) of section
12 7(b) of the Small Business Act, as amended (15 U.S.C.
13 636(b)), for the purpose of replacing, reconstructing, or
14 repairing dwellings damaged or destroyed as a result of a
15 major disaster may have a maturity of not to exceed forty
16 years: *Provided*, That the Administrator of the Small Busi-
17 ness Administration may authorize a suspension in the pay-
18 ment of principal and interest charges on, and an extension
19 in the maturity of, any such loan for a period not to exceed
20 five years, if he determines that such action is necessary to
21 avoid severe financial hardship. The provisions of section
22 7(e) of such Act shall not be applicable to any such loans
23 which have a maturity in excess of thirty years.

24 (f) The Administrator of the Small Business Adminis-

1 tration may authorize for a period not to exceed five years
 2 a suspension in the payment of principal and interest charges
 3 on, and an extension in the maturity of, any loan made to
 4 small business concerns pursuant to section 636(a) of the
 5 Small Business Act, as amended (15 U.S.C. 636(a)), if
 6 he determines that such action is necessary to avoid severe
 7 financial hardship resulting from loss or damage incurred by
 8 a major disaster.

9 (c) Section 1820 of title 38, United States Code, is
 10 amended by adding at the end thereof the following new sub-
 11 section:

12 “(f) The Administrator is authorized to refinance any
 13 loan made or acquired by the Veterans’ Administration
 14 when he finds such refinancing necessary because of the loss,
 15 destruction, or damage to property securing such loan as the
 16 result of a major disaster as defined in subsection 1855a(a)
 17 of title 42, United States Code. The interest rate on any
 18 loan refinanced under this subsection may be reduced to a rate
 19 not less than 3 per centum per annum, and the term thereof
 20 may be extended for such period as will provide a maturity
 21 of not to exceed forty years; except that the Administrator
 22 may authorize a suspension in the payment of principal and
 23 interest charges on, and an additional extension in the ma-
 24 turity of, any such loan for a period not to exceed five years if

1 he determines that such action is necessary to avoid severe
2 financial hardship.”

3 (d) In the administration of the disaster loan program
4 under section 7(b) of the Small Business Act, any application
5 for a loan thereunder in an amount of \$30,000 or less in
6 the case of a homeowner, or \$100,000 or less in the case of a
7 business concern, may be granted, if such loan is for the
8 repair, rehabilitation, or replacement of property damaged or
9 destroyed as the result of a major disaster, without regard to
10 whether the required financial assistance is otherwise available
11 from private sources.

12 (e) In the administration of subtitle III of the Consoli-
13 dated Farmers Home Administration Act of 1961, relating
14 to emergency loans, any application for a loan thereunder in
15 an amount of \$30,000 or less may be granted, if such loan is
16 for the repair, rehabilitation, or replacement of property dam-
17 aged or destroyed as the result of a major disaster, without
18 regard to whether the Secretary of Agriculture finds that the
19 required financial assistance can be met by private, coopera-
20 tive, or other responsible sources (including loans the Secre-
21 tary of Agriculture is authorized to make or insure under
22 any other provision of law).

23 ~~(g)~~ (f) Such sums as may be necessary to carry out the

1 provisions of this section are hereby authorized to be ap-
2 propriated.

3 ~~REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS~~

4 ~~SEC. 4. (a)~~ For the purpose of enabling any State which
5 has suffered a major disaster to refinance outstanding home
6 mortgage obligations or other real property liens which are
7 not insured or guaranteed by any Federal agency and which
8 are secured by one- to four-family homes which have been
9 severely damaged or destroyed by such disaster, the Presi-
10 dent is authorized, upon application, to make matching
11 grants to such State on a 75 per centum Federal-25 per
12 centum State participating basis, any funds provided by
13 such State to pay the costs of refinancing such mortgage
14 obligations or real property liens.

15 ~~(b)~~ Any application for a grant under this section
16 shall—

17 ~~(1)~~ be in accordance with a plan submitted by the
18 State, to be approved by the President, for the imple-
19 mentation of the purpose of this section;

20 ~~(2)~~ designate the State agency for carrying out the
21 plan;

22 ~~(3)~~ provide assurances that any loan made for the
23 purpose of refinancing any mortgage obligation, or other

real estate lien, shall have a maturity of not to exceed forty years and bear interest at a rate not to exceed 3 per centum per annum: *Provided*, That the State agency may authorize a suspension in the payment of principal and interest charges on, and an extension of the maturity of, any such loan for a period not to exceed five years, if it determines that such action is necessary to avoid severe financial hardship;

(4) specify that no loan for refinancing the outstanding debt secured by any single property shall exceed \$30,000;

(5) provide assurances that equitable treatment will be accorded to all eligible property owners; and

(6) set forth such further information as the President may by regulation require.

GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS
AND BUSINESSES

SEC. 4. (a) The President is authorized in accordance with the provisions of this section to provide assistance to the States in developing and carrying out comprehensive and practicable programs for assisting homeowners and business concerns suffering property losses as the result of a major dis-

1 aster. For the purposes of this section, the term "State" in-
2 cludes the District of Columbia and the Commonwealth of
3 Puerto Rico.

4 (b) From the sums appropriated pursuant to subsection
5 (i) the President is authorized—

6 (1) to make grants to any State, upon application
7 therefor, in an amount not to exceed 50 per centum of
8 the cost of developing a program referred to in subsection

9 (a): Provided, That the total grants made to any State
10 under this paragraph shall not exceed \$250,000; and

11 (2) to make grants to any State, upon the basis of
12 an approved State plan, to pay not to exceed 50 per
13 centum of the cost of carrying out such a program.

14 (c) Any State desiring to participate in the grant pro-
15 gram under paragraph (2) of the preceding subsection shall
16 designate or create an agency which is specially qualified to
17 administer such a disaster relief program, and shall, through
18 such agency, submit a State plan which shall—

19 (1) set forth a comprehensive and detailed State
20 program for assistance to homeowners and business con-
21 cerns suffering property losses as a result of a major
22 disaster;

23 (2) specify that the homeowner or business concern
24 will assume 25 per centum of the property loss sustained

1 by it as a result of such a disaster, and the State will
2 agree to pay 25 per centum of such loss;

3 (3) provide that no homeowner or business concern
4 shall be eligible to participate in such a State program
5 unless the damage to the property of such owner or con-
6 cern resulting from such a disaster exceeds 5 per centum
7 of the value of such property prior to such a disaster, or
8 \$100, whichever is the greater;

9 (4) specify that the maximum amount of loss to be
10 shared jointly by the homeowner or business concern, the
11 State, and the Federal Government under such a pro-
12 gram shall be \$30,000 in the case of a homeowner, and
13 \$100,000 in the case of a business concern;

14 (5) provide a means of appraisal to establish the
15 fair market value of the property of such owner or con-
16 cern damaged or destroyed as a result of such a disaster;

17 (6) provide assurances that equitable treatment will
18 be accorded all eligible property owners;

19 (7) contain satisfactory evidence that the State will
20 adequately supervise such program;

21 (8) provide such fiscal control and fund accounting
22 procedures as the President deems necessary; and

23 (9) set forth such further information as the Presi-
24 dent may by regulation require.

1 (d) *The President shall approve any State plan which*
 2 *complies with the provisions of subsection (c) of this section.*

3 (e) *No grant may be made under this section—*

4 (1) *for any loss for which private insurance is*
 5 *available and collectible in such State at reasonable rates;*

6 (2) *for any loss in a State which does not have*
 7 *approved flood-plain zoning controls or other similar*
 8 *preventive measures in force; and*

9 (3) *to any public agency or organization for the*
 10 *loss of any property owned by such agency or organiza-*
 11 *tion.*

12 ~~(e)~~ (f) *The President shall prescribe such rules and*
 13 *regulations as he deems necessary for the effective adminis-*
 14 *tration of this section, and to prevent the waste or dissipation*
 15 *of Federal funds.*

16 ~~(d)~~ (g) *Each State receiving assistance under this sec-*
 17 *tion shall, through its designated State agency, make such*
 18 *reports as the President may require, and each such agency*
 19 *shall, upon request of the President, make available its*
 20 *books and records for audit and examination.*

21 ~~(e)~~ (h) *The President may exercise the powers con-*
 22 *ferred upon him by this section either directly or through*
 23 *such Federal agency as he may designate.*

24 ~~(f)~~ (i) *Such sums as may be necessary to carry out the*

1 purposes of this section are hereby authorized to be appro-
2 priated.

3 SHELTER FOR DISASTER VICTIMS

4 SEC. 5. (a) The President is authorized to provide
5 dwelling accommodations for any individual or family when-
6 ever he determines—

7 (1) that such individual or family occupied a house
8 (as an owner or tenant) which was destroyed, or
9 damaged to such an extent that it is uninhabitable, as
10 the result of a major disaster; and

11 (2) that such action is necessary to avoid severe
12 hardship on the part of such individual family; and

13 (3) that such owner or tenant cannot otherwise pro-
14 vide suitable dwelling accommodations for himself and/
15 or his family.

16 (b) Such dwelling accommodations, including mobile
17 homes, as may be necessary to meet the need, shall be pro-
18 vided through acquisition, acquisition and rehabilitation, or
19 lease. Dwelling accommodations in such housing shall be
20 made available to any such individual or family for such pe-
21 riod as may be necessary to enable the individual or family to
22 find other decent, safe, and sanitary housing which is within
23 his or its ability to finance. Rentals shall be established for
24 such accommodations, under such rules and regulations as the

1 President may prescribe and shall take into consideration the
2 financial ability of the occupant. In cases of financial hard-
3 ship, rentals may be compromised or adjusted for a period
4 not to exceed twelve months, but in no case shall any such
5 individual or family be required to incur a monthly housing
6 expense (including any fixed expense related to the amortiza-
7 tion of debt owing on a house destroyed or damaged in a
8 disaster) which is in excess of 25 per centum of the indi-
9 vidual's or family's monthly income.

10 (c) In the performance of, and with respect to, the
11 powers and duties conferred upon him by this section, the
12 President may—

13 (1) prescribe such rules and regulations as he deems
14 necessary to carry out the purposes of this section;

15 (2) exercise such powers and duties either directly
16 or through such Federal agency or agencies as he may
17 designate;

18 (3) sell or exchange at public or private sale, or
19 lease, any real property acquired or constructed under
20 this section;

21 (4) obtain insurance against loss in connection with
22 any such real property;

23 (5) enter into agreements to pay annual sums in
24 lieu of taxes to any State or local taxing authority with
25 respect to any such real property; and

1 (6) include in any contract or instrument made
2 pursuant to this section, such conditions and provisions
3 as he deems necessary to assure that the purposes of
4 this section will be achieved.

5 (d) Such sums as may be necessary to carry out the
6 provisions of this section are hereby authorized to be appro-
7 priated.

8 FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER
9 LOANS

10 SEC. 6. ~~(a)~~ Section 203(h) of the National Housing
11 Act is amended to read as follows:

12 “~~(h)(1)~~ Notwithstanding any other provision of this
13 section, the Commissioner is authorized to insure and to
14 make commitments to insure any mortgage secured by a
15 property upon which there is located a dwelling designed
16 principally for a single-family residence, where the mort-
17 gager is the owner and occupant and establishes ~~(to the~~
18 satisfaction of the Commissioner) that his home which he
19 occupied as an owner or as a tenant was destroyed or dam-
20 aged to such an extent that reconstruction or replacement
21 is required as a result of a natural disaster determined by
22 the President to be a major disaster pursuant to the Act
23 entitled ‘An Act to authorize Federal assistance to States
24 and local governments in major disasters, and for other

1 purposes', approved September 30, 1950, as amended (42
2 U.S.C. 1855-1855g).

3 “(2) To be eligible for insurance under this section, a
4 mortgage shall—

5 “(A) not exceed \$20,000; and

6 “(B) not exceed (i) 100 per centum of the ap-
7 praised value of the property; or (ii) the sum of the
8 estimated cost of restoring the property and the Com-
9 missioner's estimate of the value of the property before
10 restorations: *Provided*, That in no case involving re-
11 financing shall such mortgage exceed the estimated cost
12 of restoring the property and the amount (as determined
13 by the Commissioner) required to refinance existing
14 indebtedness secured by the property;

15 “(C) bear interest (exclusive of premium charges
16 for insurance and service charge, if any) at not less than
17 the annual rate of interest determined, from time to time
18 by the Secretary of the Treasury at the request of the
19 Commissioner, by estimating the average market yield
20 to maturity on all outstanding marketable obligations of
21 the United States, and by adjusting such yield to the
22 nearest one-eighth of 1 per centum; and

23 “(D) provide for complete amortization by periodic
24 payments within such terms as the Commissioner may

1 prescribe, but not to exceed forty years from the be-
 2 ginning of the amortization of the mortgage.

3 “~~(3)~~ The property covered by any mortgage insured
 4 under this subsection shall comply with such standards and
 5 conditions as the Commissioner may prescribe (having due
 6 regard to the purposes sought to be achieved by this sub-
 7 section) to establish the acceptability of such property for
 8 mortgage insurance.”

9 ~~(b)~~ Section 305 of such Act is amended by adding at
 10 the end thereof a new subsection as follows:

11 “~~(i)~~ Notwithstanding any other provision of this Act,
 12 the Association is authorized to make commitments to pur-
 13 chase and to purchase, service, or sell, any mortgage which
 14 is insured under section 203~~(h)~~ of this Act: *Provided*, That
 15 the total amount of purchases and commitments authorized
 16 by this subsection shall not exceed \$ ”.

17 ~~(c)~~ SEC. 6. Section 221 of ~~such~~ the National Housing
 18 Act is amended by striking out “or as a result of govern-
 19 mental action”, in subsections ~~(a)~~ and ~~(f)~~ (a), (d)(2),
 20 (d)(3), (d)(6), and (f), and inserting in lieu thereof “, as
 21 a result of governmental action, or as a result of a major
 22 disaster as determined by the President pursuant to the Act
 23 entitled ‘An Act to authorize Federal assistance to States

1 and local governments in major disasters, and for other pur-
 2 poses', approved September 30, 1950, as amended (42
 3 U.S.C. 1855-1855g)''.

4 EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS

5 ADMINISTERED BY DEPARTMENT OF AGRICULTURE

6 SEC. 7. The Secretary of Agriculture is authorized in the
 7 case of any farmer in any area which has suffered a major
 8 disaster to reopen or extend, under such terms and condi-
 9 tions as he may prescribe, the period prescribed for partici-
 10 pating in any program being administered by the Depart-
 11 ment of Agriculture, if the Secretary determines that (1)
 12 such action is necessary to help such farmer avoid severe
 13 financial hardship which has or will likely result from such
 14 major disaster, (2) such farmer would have been eligible to
 15 participate in such program if he had made timely applica-
 16 tion for participation therein, and (3) such action is feasible
 17 and will not materially defeat the purpose of such program.

18 ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

19 SEC. 7. (a) The Secretary of Agriculture is authorized
 20 to make grants to farmers whose farmlands or livestock have
 21 been damaged as the result of a major disaster. Such grants
 22 shall be made (1) for the purpose of assisting such farmers to
 23 prepare such lands for cultivation and to restore such lands or
 24 livestock to normal productive capacity, and (2) only in the

1 case of lands on the farm normally used in the production of
 2 an agricultural crop. No grant shall be made hereunder
 3 to assist in restoring lands or livestock to production un-
 4 less the Secretary determines that the cost of preparing
 5 such lands for production has been increased as a direct
 6 result of such major disaster.

7 (b) The amount of the grant authorized under this sec-
 8 tion in the case of any farmer shall not exceed an amount
 9 determined by the Secretary to be equal to two-thirds of the
 10 total cost of preparing the damaged lands for cultivation and
 11 restoring them to normal productive capacity, and in no event
 12 shall the amount of any such grant in the case of any farmer
 13 exceed \$10,000.

14 (c) The Secretary is authorized to impose such reason-
 15 able terms and conditions on the making of such grants as he
 16 determines necessary to carry out effectively the purposes of
 17 this section.

18 (d) Such sums as necessary to carry out its provisions
 19 of this section are hereby authorized to be appropriated.

20 (5) DISASTER WARNINGS

21 SEC. 8. (a) The Secretary of Defense is authorized to
 22 utilize the facilities of the civil defense communications sys-
 23 tem established and maintained pursuant to section 201 (c)
 24 of the Federal Civil Defense Act of 1950, as amended (50

1 U.S.C. App. 2281 (c)), for the purpose of providing needed
2 warning to governmental authorities and the civilian popula-
3 tion in areas endangered by imminent natural disasters.

4 (b) There are authorized to be appropriated such sums
5 as may be necessary to carry out the provisions of subsection
6 (a) .

7 ASSISTANCE TO UNINCORPORATED COMMUNITIES

8 SEC. 9. (a) The Act entitled "An Act to authorize Fed-
9 eral assistance to States and local governments in major dis-
10 asters, and for other purposes", approved September 30,
11 1950, as amended (42 U.S.C. 1855), is amended by insert-
12 ing before the semicolon at the end of section 2 (e) a comma
13 and by adding the following: "and includes any rural com-
14 munity or unincorporated town or village with respect to
15 which the head of the Federal agency concerned determines
16 that (1) there is a need for assistance under this Act, (2) the
17 furnishing of such assistance is feasible, and (3) it will be
18 effectively utilized".

19 Section 306 of the Consolidated Farmers Home Admin-
20 istration Act of 1961, as amended (7 U.S.C. 1926) is
21 amended by adding the following new subsection (c) : "In
22 areas which have suffered major disasters the Secretary is
23 authorized, without regard to the limitations of subsection
24 (a) or (b), to make or insure loans to associations, includ-
25 ing corporations not operated for profit and public and quasi-

1 public agencies, for the acquisition, construction, improve-
 2 ment, or extension of waste disposal systems and other pub-
 3 lic facilities providing for community services in rural areas,
 4 when the Secretary determines that such action is necessary
 5 for the rebuilding of a community or a portion thereof dam-
 6 aged by a disaster. The Secretary is also authorized to
 7 make construction grants not to exceed 50 per centum of the
 8 cost of waste disposal ~~systems~~ *systems, water systems*, and
 9 other public facilities providing for community services in
 10 these areas in any case in which repayment of a loan for
 11 such purposes from income would require a charge for such
 12 service *which the Secretary determines to be* beyond the
 13 ability of a majority of the users who might be served there-
 14 by to pay such charges and if such charge would exceed
 15 ~~150 per centum of the average~~ cost for such services in com-
 16 parable communities in the State.

17 *(b) Such sums as may be necessary to carry out the*
 18 *provisions of this section are hereby authorized to be*
 19 *appropriated.*

20 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN

21 DISASTER AREAS

22 SEC. 10. ~~(a) The Act of September 23, 1950, Public~~
 23 ~~Law 815, Eighty-first Congress, as amended (20 U.S.C.~~
 24 ~~631-645), is amended by inserting immediately after sec-~~
 25 ~~tion 15 of that Act the following new section:~~

1 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
2 AREAS

3 "SEC. 16. (a) If the Commissioner determines with
4 respect to any local educational agency that—

5 "(1) (A) such agency is located in whole or in part
6 within an area which has suffered a major disaster, as
7 determined by the President pursuant to section 2(a) of
8 the Act of September 30, 1950 (42 U.S.C. 1855a(a)),
9 and

10 "(B) the Governor of the State in which such
11 agency is located has certified the need for disaster
12 assistance under this section, and has given assurance
13 of expenditure of a reasonable amount of the funds of
14 the government of such State, or of any political sub-
15 division thereof, for the same or similar purposes with
16 respect to such catastrophe;

17 "(2) public elementary or secondary school facili-
18 ties of such agency have been destroyed or seriously
19 damaged as a result of this major disaster;

20 "(3) such agency is making a reasonable tax effort
21 and is exercising due diligence in availing itself of State
22 and other financial assistance available for the replace-
23 ment or restoration of such school facilities; and

24 "(4) such agency does not have sufficient funds
25 available to it from State, local, and other Federal

1 sources (including funds available under other provi-
2 sions of this Act), and from the proceeds of insurance
3 on such school facilities, to provide the minimum school
4 facilities needed for the restoration or replacement of the
5 school facilities so destroyed or seriously damaged;
6 he may provide the additional assistance necessary to enable
7 such agency to provide such facilities, upon such terms and
8 in such amounts (subject to the provisions of this section)
9 as the Commissioner may consider to be in the public in-
10 terest; but such additional assistance, plus the amount which
11 the Commissioner determines to be available from State,
12 local, and other Federal sources (including funds available
13 under other provisions of this Act), and from the proceeds of
14 insurance, may not exceed the cost of construction incident
15 to the restoration or replacement of the school facilities de-
16 stroyed or damaged as a result of the disaster.

17 “(b) There are hereby authorized to be appropriated
18 for each fiscal year such amounts as may be necessary to
19 carry out the provisions of this section. Pending such ap-
20 propriation, the Commissioner may expend from any funds
21 heretofore or hereafter appropriated for expenditure in ac-
22 cordance with other sections of this Act such sums as may
23 be necessary for immediately providing assistance under
24 this section, such appropriations to be reimbursed from the
25 appropriations authorized by this subsection when made.

1 “(e) No payment may be made to any local educational
2 agency under subsection (a) except upon application there-
3 for which is submitted through the appropriate State educa-
4 tional agency and is filed with the Commissioner in accord-
5 ance with regulations prescribed by him, and which meets
6 the requirements of section 6(b)(1). In determining the
7 order in which such applications shall be approved, the Com-
8 missioner shall consider the relative educational and financial
9 needs of the local educational agencies which have submitted
10 approvable applications. No payment may be made under
11 subsection (a) unless the Commissioner finds, after consulta-
12 tion with the State and local educational agencies, that the
13 project or projects with respect to which it is made are not
14 inconsistent with overall State plans for the construction of
15 school facilities. All determinations made by the Commis-
16 sioner under this section shall be made only after consulta-
17 tion with the appropriate State educational agency and the
18 local educational agency.

19 “(d) Amounts paid by the Commissioner to local edu-
20 cational agencies under subsection (a) may be paid in ad-
21 vance or by way of reimbursement and in such installments
22 as the Commissioner may determine. Any funds paid to a
23 local educational agency and not expended or otherwise used
24 for the purposes for which paid shall be repaid to the
25 Treasury of the United States.

1 ~~“(e) None of the provisions of sections 1 to 10, both~~
2 ~~inclusive, other than section 6(b)(1), shall apply with re-~~
3 ~~spect to this section”.~~

4 ~~(b)~~ The Act of September 30, 1950, Public Law 874,
5 ~~Eighty-first Congress~~, as amended, is amended by inserting,
6 immediately after section 303 of that Act, the following new
7 section:

8 ~~“ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN~~
9 ~~MAJOR DISASTER AREAS~~

10 “SEC. 304. ~~(a)~~ If the Commissioner determines with
11 respect to any local educational agency that—

12 ~~“(1)(A)~~ such agency is located in whole or in
13 part within an area which has suffered a major disaster,
14 as determined by the President pursuant to section 2(a)
15 of the Act of September 30, 1950 (~~42 U.S.C. 1855a~~
16 ~~(a)~~), and

“(B) the Governor of the State in which such
agency is located has certified the need for disaster as-
sistance under this section, and has given assurance of
expenditure of a reasonable amount of the funds of the
government of such State, or of any political subdivision
thereof, for the same or similar purposes with respect
to such catastrophe; and

24 “(a) such agency is making a reasonable tax effort
25 and is exercising due diligence in availing itself of State

1 and other financial assistance, but as a result of such
2 major disaster it is unable to secure sufficient funds to
3 meet the cost of providing free public education for
4 the children attending the schools of such agency;
5 he may provide to such agency the additional assistance
6 necessary to provide free public education to the children
7 attending the schools of such agency, upon such terms and
8 in such amounts (subject to the provisions of this section)-
9 as the Commissioner may consider to be in the public interest.
10 Such additional assistance may be provided for a period not
11 greater than a five-fiscal-year period beginning with the
12 fiscal year in which the President has determined that such
13 area suffered a major disaster. The amount so provided for
14 any fiscal year shall not exceed the amount which the Com-
15 missioner determined to be necessary to enable such agency,
16 with the State, local, and other Federal funds available to
17 it for such purpose, to provide a level of education equivalent
18 to that maintained in the schools of such agency during the
19 last full fiscal year prior to the occurrence of such major
20 disaster. The amount, if any, so provided for the second,
21 third, and fourth fiscal years following the fiscal year in
22 which the President determined that such area has suffered
23 a major disaster shall not exceed 75 per centum, 50 per
24 centum, and 25 per centum, respectively, of the amount so
25 provided for the first fiscal year following such determination.

1 “(b) In addition to and apart from the funds provided
 2 under subsection (a), the Commissioner is authorized to
 3 provide to such agency an amount which he determines to be
 4 necessary to replace instructional and maintenance supplies,
 5 equipment, and materials (including textbooks) destroyed
 6 or seriously damaged as a result of such major disaster, and
 7 to lease or otherwise provide (other than by acquisition of
 8 land or erection of facilities) school and cafeteria facilities
 9 needed to replace temporarily such facilities which have been
 10 made unavailable as a result of the major disaster.

11 “(c) There is hereby authorized to be appropriated for
 12 each fiscal year such amounts as may be necessary to carry
 13 out the provisions of this section. Pending such appropria-
 14 tion, the Commissioner may expend from any funds hereto-
 15 fore or hereafter appropriated for expenditure in accordance
 16 with other sections of this Act, such sums as may be neces-
 17 sary for immediately providing assistance under this section,
 18 such appropriations to be reimbursed from the appropriations
 19 authorized by this subsection when made.

20 “(d) No payment may be made to any local educa-
 21 tional agency under this section except upon application
 22 therefor which is submitted through the appropriate State
 23 educational agency and is filed with the Commissioner in
 24 accordance with regulations prescribed by him. In deter-
 25 mining the order in which such applications shall be ap-

1 proved, the Commissioner shall consider the relative educa-
 2 tional and financial needs of the local educational agencies
 3 which have submitted approvable applications.

4 “(c) Amounts paid by the Commissioner to local edu-
 5 cational agencies under this section may be paid in advance
 6 or by way of reimbursement and in such installments as the
 7 Commissioner may determine. Any funds paid to a local
 8 educational agency and not expended or otherwise used for
 9 the purposes for which paid shall be repaid to the Treasury
 10 of the United States”.

11 *SEC. 10. (a) The Act of September 23, 1950, Public*
 12 *Law 815, Eighty-first Congress, as amended (20 U.S.C.*
 13 *631-645), is amended by inserting, immediately after the*
 14 *last section of that Act, the following new section:*

15 “SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
 16 AREAS

17 “SEC. 16. (a) *If the Director of the Office of Emer-*
 18 *gency Planning determines with respect to any local educa-*
 19 *tional agency that—*

20 “(1)(A) *such agency is located in whole or in*
 21 *part within an area which, after the date of enactment of*
 22 *this section and prior to July 1, 1967, has suffered a*
 23 *major disaster as a result of any flood, drought, fire,*
 24 *hurricane, earthquake, storm, or other catastrophe which,*
 25 *in the determination of the President pursuant to section*

1 *2(a) of the Act of September 30, 1950 (42 U.S.C.*
2 *1855a(a)), is or threatens to be of sufficient severity*
3 *and magnitude to warrant disaster assistance by the Fed-*
4 *eral Government, and*

5 *“(B) the Governor of the State in which such*
6 *agency is located has certified the need for disaster assist-*
7 *ance under this section, and has given assurance of ex-*
8 *penditure of a reasonable amount of the funds of the*
9 *government of such State, or of any political subdivision*
10 *thereof, for the same or similar purposes with respect to*
11 *such catastrophe,*

12 *and if the Commissioner determines with respect to such*
13 *local educational agency that—*

14 *“(2) public elementary or secondary school facili-*
15 *ties of such agency have been destroyed or seriously*
16 *damaged as a result of this major disaster;*

17 *“(3) such agency is making a reasonable tax effort*
18 *and is exercising due diligence in availing itself of State*
19 *and other financial assistance available for the replace-*
20 *ment or restoration of such school facilities;*

21 *“(4) such agency does not have sufficient funds*
22 *available to it from State, local, and other Federal sources*
23 *(including funds available under other provisions of this*
24 *Act), and from the proceeds of insurance on such school*
25 *facilities, to provide the minimum school facilities needed*

1 for the restoration or replacement of the school facilities
2 so destroyed or seriously damaged; and
3 “(5) to the extent that the operation of private
4 elementary and secondary schools in the school at-
5 tendance area of the local educational agency has been
6 disrupted or impaired by such disaster; such local educa-
7 tional agency has complied with the provisions of section
8 7(a)(3) of the Act of September 30, 1950 (Public
9 Law 874, Eighty-first Congress), with respect to pro-
10 visions for the conduct of educational programs under
11 public auspices and administration in which children
12 enrolled in such private elementary and secondary
13 schools may attend and participate,
14 the Commissioner may provide the additional assistance
15 necessary to enable such agency to provide such facilities,
16 upon such terms and in such amounts (subject to the provi-
17 sions of this section) as the Commissioner may consider to
18 be in the public interest; but such additional assistance, plus
19 the amount which he determines to be available from State,
20 local, and other Federal sources (including funds available
21 under other provisions of this Act, and from the proceeds of
22 insurance, may not exceed the cost of construction incident
23 to the restoration or replacement of the school facilities
24 destroyed or damaged as a result of the disaster.
25 “(b) There are hereby authorized to be appropriated for

1 each fiscal year such amounts as may be necessary to carry
2 out the provisions of this section. Pending such appropria-
3 tion, the Commissioner may expend from any funds hereto-
4 fore or hereafter appropriated for expenditure in accordance
5 with other sections of this Act such sums as may be neces-
6 sary for immediately providing assistance under this section,
7 such appropriations to be reimbursed from the appropriations
8 authorized by this subsection when made.

9 “(c) No payment may be made to any local educational
10 agency under subsection (a) except upon application there-
11 for which is submitted through the appropriate State educa-
12 tional agency and is filed with the Commissioner in accord-
13 ance with regulations prescribed by him, and which meets
14 the requirements of section 6(b)(1). In determining the
15 order in which such applications shall be approved, the Com-
16 missioner shall consider the relative educational and financial
17 needs of the local educational agencies which have sub-
18 mitted approvable applications. No payment may be made
19 under subsection (a) unless the Commissioner finds, after
20 consultation with the State and local educational agencies,
21 that the project or projects with respect to which it is made
22 are not inconsistent with overall State plans for the con-
23 struction of school facilities. All determinations made by the
24 Commissioner under this section shall be made only after

1 consultation with the appropriate State educational agency
2 and the local educational agency.

3 “(d) Amounts paid by the Commissioner to local edu-
4 cational agencies under subsection (a) may be paid in ad-
5 vance or by way of reimbursement and in such installments
6 as the Commissioner may determine. Any funds paid to
7 a local educational agency and not expended or otherwise
8 used for the purposes for which paid shall be repaid to the
9 Treasury of the United States.

10 “(e) None of the provisions of sections 1 to 10, both
11 inclusive, other than section 6(b)(1), shall apply with
12 respect to this section.”

13 SEC. 2. The Act of September 30, 1950, as amended,
14 is amended by inserting, immediately after section 6 of that
15 Act, the following new section:

16 “ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN
17 MAJOR DISASTER AREAS

18 “SEC. 7. (a) If the Director of the Office of Emer-
19 gency Planning determines with respect to any local educa-
20 tional agency that—

21 “(1)(A) such agency is located in whole or in
22 part within an area which, after the date of enactment
23 of this section and prior to July 1, 1967, has suffered a
24 major disaster as a result of any flood, drought, fire,
25 hurricane, earthquake, storm, or other catastrophe

1 *which, in the determination of the President pursuant*
2 *to section 2(a) of the Act of September 30, 1950 (42*
3 *U.S.C. 1855a(a)), is or threatens to be of sufficient*
4 *severity and magnitude to warrant disaster assistance*
5 *by the Federal Government, and*

6 “(B) *the Governor of the State in which such*
7 *agency is located has certified the need for disaster*
8 *assistance under this section, and has given assurance of*
9 *expenditure of a reasonable amount of the funds of the*
10 *government of such State, or of any political subdivision*
11 *thereof, for the same or similar purposes with respect*
12 *to such catastrophe,*

13 *and if the Commissioner determines with respect to such local*
14 *educational agency that—*

15 “(2) *such agency is making a reasonable tax effort*
16 *and is exercising due diligence in availing itself of State*
17 *and other financial assistance, but as a result of such*
18 *major disaster it is unable to secure sufficient funds to*
19 *meet the cost of providing free public education for the*
20 *children attending the schools of such agency, and*

21 “(3) *to the extent that the operation of private*
22 *elementary and secondary schools in the school attend-*
23 *ance area of such local educational agency has been dis-*
24 *rupted or impaired by such disaster, such local educa-*
25 *tional agency has made provision for the conduct of edu-*

1 *cational programs under public auspices and administra-*
2 *tion in which children enrolled in such private elemen-*
3 *tary and secondary schools may attend and participate:*
4 *Provided, That nothing contained in this Act shall be*
5 *construed to authorize the making of any payment under*
6 *this Act for religious worship or instruction,*
7 *the Commissioner may provide to such agency the additional*
8 *assistance necessary to provide free public education to the*
9 *children attending the school of such agency, upon such*
10 *terms and in such amounts (subject to the provisions of this*
11 *section) as the Commissioner may consider to be in the pub-*
12 *lic interest. Such additional assistance may be provided for*
13 *a period not greater than a five fiscal year period beginning*
14 *with the fiscal year in which the President has determined*
15 *that such area suffered a major disaster. The amount so pro-*
16 *vided for any fiscal year shall not exceed the amount which*
17 *the Commissioner determines to be necessary to enable such*
18 *agency, with the State, local, and other Federal funds avail-*
19 *able to it for such purpose, to provide a level of education*
20 *equivalent to that maintained in the schools of such agency*
21 *during the last full fiscal year prior to the occurrence of such*
22 *major disaster, taking into account the additional costs rea-*
23 *sonably necessary to carry out the provisions of subparagraph*
24 *(3) of this section. The amount, if any, so provided for the*
25 *second, third, and fourth fiscal years following the fiscal year*

1 in which the President determined that such area has suf-
2 fered a major disaster shall not exceed 75 per centum, 50
3 per centum, and 25 per centum, respectively, of the amount
4 so provided for the first fiscal year following such determi-
5 nation.

6 “(b) In addition to and apart from the funds provided
7 under subsection (a), the Commissioner is authorized to
8 provide to such agency an amount which he determines
9 to be necessary to replace instructional and maintenance
10 supplies, equipment, and materials (including textbooks)
11 destroyed or seriously damaged as a result of such major
12 disaster, and to lease or otherwise provide (other than by
13 acquisition of land or erection of facilities) school and cafe-
14 teria facilities needed to replace temporarily such facilities
15 which have been made unavailable as a result of the major
16 disaster.

17 “(c) There is hereby authorized to be appropriated
18 for each fiscal year such amounts as may be necessary to
19 carry out the provisions of this section. Pending such appro-
20 priation, the Commissioner may expend from any funds
21 heretofore or hereafter appropriated for expenditure in ac-
22 cordance with other sections of this Act, such sums as may
23 be necessary for immediately providing assistance under this
24 section, such appropriations to be reimbursed from the appro-
25 priations authorized by this subsection when made.

1 “(d) No payment may be made to any local educa-
 2 tional agency under this section except upon application
 3 therefor which is submitted through the appropriate State
 4 educational agency and is filed with the Commissioner in
 5 accordance with regulations prescribed by him. In deter-
 6 mining the order in which such applications shall be ap-
 7 proved, the Commissioner shall consider the relative edu-
 8 cational and financial needs of the local educational agencies
 9 which have submitted approvable applications.

10 “(e) Amounts paid by the Commissioner to local edu-
 11 cational agencies under this section may be paid in advance
 12 or by way of reimbursement and in such installments as the
 13 Commissioner may determine. Any funds paid to a local
 14 educational agency and not expended or otherwise used for
 15 the purposes for which paid shall be repaid to the Treasury
 16 of the United States.”

17 HIGHWAY ASSISTANCE IN DISASTER AREAS

18 SEC. 11. (a) Section 120 (f) of title 23 of the United
 19 States Code, relating to the Federal share in emergency high-
 20 way relief, is amended by inserting before the period at the
 21 end of the first sentence a colon and the following: “And
 22 provided further, That the Federal share payable on account
 23 of any repair or reconstruction of any Federal-aid highway
 24 necessitated by a major disaster, as determined by the Presi-
 25 dent pursuant to section 2 (a) of the Act of September 30,

1 1950 (42 U.S.C. 1855a (a)), shall ~~be~~ *may be as much* as
 2 100 per centum of the cost thereof”.

3 (b) Section 125 of title 23 of the United States
 4 Code, relating to emergency highway relief, is amended
 5 by striking out the second sentence and inserting in lieu
 6 thereof “There is authorized to be appropriated *from the*
 7 *General Fund* not to exceed \$50,000,000 for the fiscal
 8 year ending June 30, 1965, and not to exceed \$50,000,000
 9 for each fiscal year thereafter for the purposes of such fund”.

10 REIMBURSEMENT FOR NECESSARY EMERGENCY FLOOD

11 PROTECTION

12 SEC. 12. In the case of any individual, partnership,
 13 corporation, or other entity, which has requested proper
 14 local governmental authorities to provide protection against
 15 flooding in major disaster areas, and which has incurred
 16 emergency expenditures for the purpose of preventing dam-
 17 age from such flooding, and which expenditures were necessi-
 18 tated by the inability or failure of local governmental authori-
 19 ties to provide such protection, the Office of Emergency
 20 Planning is authorized, upon certification by proper local
 21 governmental authorities that such protection would have
 22 been provided except for contingencies caused by the emer-
 23 gency, to reimburse such individual, partnership, corporation,
 24 or other entity not to exceed 50 per centum of the total cost
 25 expended for such protection against flooding.

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC
FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 12. *In the processing of applications for assistance—*

(1) *under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities; or*

(2) *under the United States Housing Act of 1937 for the provision of low-rent housing;*

priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

SEC. 13. (a) *There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which has been damaged as the result of a major disaster, and which has been specifically authorized by Act of Congress, without regard to any other statutory limitation on the amount which may be appropriated in connection with such project.*

(b) *There is hereby authorized to be appropriated such*

1 sums as may be necessary to repair, restore, or reconstruct
2 any public highway, road, trail, street, or bridge determined
3 by the Director of the Office of Emergency Planning to be
4 damaged or destroyed as the result of a major disaster and
5 which is not eligible for repair or reconstruction under sec-
6 tion 125 of title 23 of the United States Code. The Federal
7 share of the cost of any such repair, restoration, or recon-
8 struction shall be determined by such Director and may be
9 as much as 100 per centum of the cost thereof.

10 *DUPLICATION OF BENEFITS*

11 *SEC. 14.* The head of each department or agency of the
12 Government administering any program providing financial
13 assistance to persons, business concerns, or other entities suf-
14 fering losses as the result of a major disaster shall administer
15 such program in a manner which will assure that no such
16 person, concern, or other entity will receive such assistance
17 with respect to any part of such loss as to which he has
18 received financial assistance under any other such program.

[Report No. 459]

A BILL

To provide additional assistance for areas
suffering a major disaster.

By Mr. BAYH, Mr. BARTLETT, Mr. BURDICK, Mr. CLARK,
Mr. DIRKSEN, Mr. DOUGLAS, Mr. GREENING, Mr.
HART, Mr. HARTKE, Mr. INOUYE, Mr. JACKSON, Mr.
KENNEDY of Massachusetts, Mr. KUCHEL, Mr.
LAusche, Mr. LONG of Missouri, Mr. MAGNUSON,
Mr. MANSFIELD, Mr. McCARTHY, Mr. McGEE, Mr.
McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MON-
DALE, Mr. MORSE, Mr. NELSON, Mrs. NEUBERGER,
Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr.
SMATHERS, Mr. SYMINGTON, Mr. TYDINGS, Mr.
WILLIAMS of New Jersey, Mr. YARBOROUGH, Mr.
YOUNG of Ohio, Mr. BOGGS, Mr. COOPER, Mr. FONG,
Mr. MURPHY, Mr. MUSKIE, Mr. PEARSON, and Mr.
ALLOTT

APRIL 30, 1965

Read twice and referred to the Committee on Public
Works

JULY 15 (legislative day, JULY 14), 1965
Reported with amendments

H. R. 9885

JULY 15, 1965

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Disaster Relief Act of
4 1965".

5 DEFINITIONS

J. 50-001-JJ—1

1 SEC. 3. (a) Where such action is found to be necessary
2 because of loss, destruction, or damage of the property, or
3 impairment of the economic feasibility of the system, of bor-
4 rowers under programs administered by the Rural Electrifi-
5 cation Administration, resulting from a major disaster, the
6 Secretary of Agriculture is authorized to adjust and to re-
7 adjust the schedules for payment of principal and interest on
8 loans to such borrowers, and to extend the maturity dates
9 of such loans to a period not beyond forty years from the
10 dates of such loans. The authority herein conferred is in
11 addition to the loan extension authority provided in section
12 12 of the Rural Electrification Act.

13 (b) The Housing and Home Finance Administrator is
14 authorized to refinance any note or other obligation which
15 is held by him in connection with any loan made by the
16 Housing and Home Finance Agency, or which is included
17 within the revolving fund for liquidating programs estab-
18 lished by the Independent Offices Appropriation Act of
19 1955, where he finds such refinancing necessary because of
20 the loss, destruction, or damage to property or facilities
21 securing such obligations as a result of a major disaster.
22 The interest rate on any note or other obligation refinanced
23 under this subsection may be reduced to a rate not less than
24 3 per centum per annum, and the term thereof may be ex-

1 tended for such period as will provide a maturity of not to
2 exceed forty years: *Provided*, That the Administrator may
3 authorize a suspension in the payment of principal and inter-
4 est charges on, and an additional extension in the maturity
5 of, any such loan for a period not to exceed five years if he
6 determines that such action is necessary to avoid severe
7 financial hardship.

8 (c) Section 1820 of title 38, United States Code, is
9 amended by adding at the end thereof the following new sub-
10 section:

11 “(f) The Administrator is authorized to refinance any
12 loan made or acquired by the Veterans’ Administration
13 when he finds such refinancing necessary because of the loss,
14 destruction, or damage to property securing such loan as the
15 result of a major disaster as defined in subsection 1855a (a)
16 of title 42, United States Code. The interest rate on any
17 loan refinanced under this subsection may be reduced to a rate
18 not less than 3 per centum per annum, and the term thereof
19 may be extended for such period as will provide a maturity
20 of not to exceed forty years; except that the Administrator
21 may authorize a suspension in the payment of principal and
22 interest charges on, and an additional extension in the ma-
23 turity of, any such loan for a period not to exceed five years if

1 he determines that such action is necessary to avoid severe
2 financial hardship.”

3 (d) In the administration of the disaster loan program
4 under section 7 (b) of the Small Business Act, any application
5 for a loan thereunder in an amount of \$30,000 or less in
6 the case of a homeowner, or \$100,000 or less in the case of a
7 business concern, may be granted, if such loan is for the
8 repair, rehabilitation, or replacement of property damaged or
9 destroyed as the result of a major disaster, without regard to
10 whether the required financial assistance is otherwise avail-
11 able from private sources.

12 (e) In the administration of subtitle III of the Consoli-
13 dated Farmers Home Administration Act of 1961, relating
14 to emergency loans, any application for a loan thereunder in
15 an amount of \$30,000 or less may be granted, if such loan is
16 for the repair, rehabilitation, or replacement of property dam-
17 aged or destroyed as the result of a major disaster, without
18 regard to whether the Secretary of Agriculture finds that the
19 required financial assistance can be met by private, coopera-
20 tive, or other responsible sources (including loans the Secre-
21 tary of Agriculture is authorized to make or insure under
22 any other provision of law).

23 (f) Such sums as may be necessary to carry out the
24 provisions of this section are hereby authorized to be ap-
25 propriated.

1 GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS
2 AND BUSINESSES

3 SEC. 4. (a) The President is authorized in accordance
4 with the provisions of this section to provide assistance to
5 the States in developing and carrying out comprehensive and
6 practicable programs for assisting homeowners and business
7 concerns suffering property losses as the result of a major dis-
8 aster. For the purposes of this section, the term "State" in-
9 cludes the District of Columbia and the Commonwealth of
10 Puerto Rico.

11 (b) From the sums appropriated pursuant to subsection
12 (i) the President is authorized—

13 (1) to make grants to any State, upon application
14 therefor, in an amount not to exceed 50 per centum of
15 the cost of developing a program referred to in subsection

16 (a) : *Provided*, That the total grants made to any State
17 under this paragraph shall not exceed \$250,000; and

18 (2) to make grants to any State, upon the basis of
19 an approved State plan, to pay not to exceed 50 per
20 centum of the cost of carrying out such a program.

21 (c) Any State desiring to participate in the grant pro-
22 gram under paragraph (2) of the preceding subsection shall
23 designate or create an agency which is specially qualified to
24 administer such a disaster relief program, and shall, through
25 such agency, submit a State plan which shall—

1 (1) set forth a comprehensive and detailed State
2 program for assistance to homeowners and business con-
3 cerns suffering property losses as a result of a major
4 disaster;

5 (2) specify that the homeowner or business concern
6 will assume 25 per centum of the property loss sustained
7 by it as a result of such a disaster, and the State will
8 agree to pay 25 per centum of such loss;

9 (3) provide that no homeowner or business concern
10 shall be eligible to participate in such a State program
11 unless the damage to the property of such owner or con-
12 cern resulting from such a disaster exceeds 5 per centum
13 of the value of such property prior to such a disaster, or
14 \$100, whichever is the greater;

15 (4) specify that the maximum amount of loss to be
16 shared jointly by the homeowner or business concern, the
17 State, and the Federal Government under such a pro-
18 gram shall be \$30,000 in the case of a homeowner, and
19 \$100,000 in the case of a business concern;

20 (5) provide a means of appraisal to establish the
21 fair market value of the property of such owner or con-
22 cern damaged or destroyed as a result of such a disaster;

23 (6) provide assurances that equitable treatment will
24 be accorded all eligible property owners;

(7) contain satisfactory evidence that the State will adequately supervise such program;

(8) provide such fiscal control and fund accounting procedures as the President deems necessary; and

(9) set forth such further information as the President may by regulation require.

(d) The President shall approve any State plan which complies with the provisions of subsection (c) of this section.

(e) No grant may be made under this section—

(1) for any loss for which private insurance is available and collectible in such State at reasonable rates;

(2) for any loss in a State which does not have approved flood plain zoning controls or other similar preventive measures in force; and

(3) to any public agency or organization for the loss of any property owned by such agency or organization.

(f) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(g) Each State receiving assistance under this section shall, through its designated State agency, make such reports

1 as the President may require, and each such agency shall,
2 upon request of the President, make available its books and
3 records for audit and examination.

4 (h) The President may exercise the powers conferred
5 upon him by this section either directly or through such
6 Federal agency as he may designate.

7 (i) Such sums as may be necessary to carry out the
8 purposes of this section are hereby authorized to be appro-
9 priated.

10 SHELTER FOR DISASTER VICTIMS

11 SEC. 5. (a) The President is authorized to provide
12 dwelling accommodations for any individual or family when-
13 ever he determines—

14 (1) that such individual or family occupied a house
15 (as an owner or tenant) which was destroyed, or
16 damaged to such an extent that it is uninhabitable, as
17 the result of a major disaster; and

18 (2) that such action is necessary to avoid severe
19 hardship on the part of such individual family; and

20 (3) that such owner or tenant cannot otherwise
21 provide suitable dwelling accommodations for himself
22 and/or his family.

23 (b) Such dwelling accommodations, including mobile
24 homes, as may be necessary to meet the need, shall be pro-
25 vided through acquisition, acquisition and rehabilitation, or

1 lease. Dwelling accommodations in such housing shall be
2 made available to any such individual or family for such pe-
3 riod as may be necessary to enable the individual or family to
4 find other decent, safe, and sanitary housing which is within
5 his or its ability to finance. Rentals shall be established for
6 such accommodations, under such rules and regulations as the
7 President may prescribe and shall take into consideration the
8 financial ability of the occupant. In cases of financial hard-
9 ship, rentals may be compromised or adjusted for a period
10 not to exceed twelve months, but in no case shall any such
11 individual or family be required to incur a monthly housing
12 expense (including any fixed expense related to the amortiza-
13 tion of debt owing on a house destroyed or damaged in a
14 disaster) which is in excess of 25 per centum of the indi-
15 vidual's or family's monthly income.

16 (c) In the performance of, and with respect to, the
17 powers and duties conferred upon him by this section, the
18 President may—

19 (1) prescribe such rules and regulations as he
20 deems necessary to carry out the purposes of this section;

21 (2) exercise such powers and duties either directly
22 or through such Federal agency or agencies as he may
23 designate;

24 (3) sell or exchange at public or private sale, or

1 lease, any real property acquired or constructed under
2 this section;

3 (4) obtain insurance against loss in connection with
4 any such real property;

5 (5) enter into agreements to pay annual sums in
6 lieu of taxes to any State or local taxing authority with
7 respect to any such real property; and

8 (6) include in any contract or instrument made
9 pursuant to this section, such conditions and provisions
10 as he deems necessary to assure that the purposes of
11 this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

15 FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER
16 LOANS

17 SEC. 6. Section 221 of the National Housing Act is
18 amended by striking out “or as a result of governmental
19 action”, in subsections (a), (d) (2), (d) (3), (d) (6),
20 and (f), and inserting in lieu thereof “, as a result of gov-
21 ernmental action, or as a result of a major disaster as deter-
22 mined by the President pursuant to the Act entitled ‘An
23 Act to authorize Federal assistance to States and local gov-
24 ernments in major disasters, and for other purposes’, ap-

1 proved September 30, 1950, as amended (42 U.S.C. 1855-
2 1855g) ”.

3 ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

4 SEC. 7. (a) The Secretary of Agriculture is authorized
5 to make grants to farmers whose farmlands or livestock have
6 been damaged as the result of a major disaster. Such grants
7 shall be made (1) for the purpose of assisting such farmers to
8 prepare such lands for cultivation and to restore such lands or
9 livestock to normal productive capacity, and (2) only in the
10 case of lands on the farm normally used in the production of
11 an agricultural crop. No grant shall be made hereunder
12 to assist in restoring lands or livestock to production un-
13 less the Secretary determines that the cost of preparing
14 such lands for production has been increased as a direct
15 result of such major disaster.

16 (b) The amount of the grant authorized under this sec-
17 tion in the case of any farmer shall not exceed an amount
18 determined by the Secretary to be equal to two-thirds of the
19 total cost of preparing the damaged lands for cultivation and
20 restoring them to normal productive capacity, and in no event
21 shall the amount of any such grant in the case of any farmer
22 exceed \$10,000.

23 (c) The Secretary is authorized to impose such reason-
24 able terms and conditions on the making of such grants as he

1 determines necessary to carry out effectively the purposes of
2 this section.

3 (d) Such sums as necessary to carry out its provisions
4 of this section are hereby authorized to be appropriated.

5 DISASTER WARNINGS

6 SEC. 8. (a) The Secretary of Defense is authorized to
7 utilize the facilities of the civil defense communications sys-
8 tem established and maintained pursuant to section 201 (c)
9 of the Federal Civil Defense Act of 1950, as amended (50
10 U.S.C. App. 2281 (c)), for the purpose of providing needed
11 warning to governmental authorities and the civilian popula-
12 tion in areas endangered by imminent natural disasters.

13 (b) There are authorized to be appropriated such sums
14 as may be necessary to carry out the provisions of subsection
15 (a).

16 ASSISTANCE TO UNINCORPORATED COMMUNITIES

17 SEC. 9. (a) The Act entitled "An Act to authorize Fed-
18 eral assistance to States and local governments in major dis-
19 asters, and for other purposes", approved September 30,
20 1950, as amended (42 U.S.C. 1855), is amended by insert-
21 ing before the semicolon at the end of section 2 (e) a comma
22 and by adding the following: "and includes any rural com-
23 munity or unincorporated town or village with respect to
24 which the head of the Federal agency concerned determines
25 that (1) there is a need for assistance under this Act, (2)

1 the furnishing of such assistance is feasible, and (3) it will
2 be effectively utilized”.

3 (b) Section 306 of the Consolidated Farmers Home
4 Administration Act of 1961, as amended (7 U.S.C. 1926), is
5 amended by adding the following new subsection (c): “In
6 areas which have suffered major disasters the Secretary is
7 authorized, without regard to the limitations of subsection
8 (a) or (b), to make or insure loans to associations, includ-
9 ing corporations not operated for profit and public and quasi-
10 public agencies, for the acquisition, construction, improve-
11 ment, or extension of waste disposal systems and other pub-
12 lic facilities providing for community services in rural areas,
13 when the Secretary determines that such action is necessary
14 for the rebuilding of a community or a portion thereof dam-
15 aged by a disaster. The Secretary is also authorized to
16 make construction grants not to exceed 50 per centum of the
17 cost of waste disposal systems, water systems, and other
18 public facilities providing for community services in these
19 areas in any case in which repayment of a loan for such
20 purposes from income would require a charge for such service
21 which the Secretary determines to be beyond the ability of
22 a majority of the users who might be served thereby to pay
23 such charges and if such charge would exceed the cost for
24 such services in comparable communities in the State.

1 (c) Such sums as may be necessary to carry out the
2 provisions of this section are hereby authorized to be
3 appropriated.

4 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN
5 DISASTER AREAS

6 SEC. 10. (a) The Act of September 23, 1950, Public
7 Law 815, Eighty-first Congress, as amended (20 U.S.C.
8 631-645), is amended by inserting, immediately after the
9 last section of that Act, the following new section:

10 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
11 AREAS

12 "SEC. 16. (a) If the Director of the Office of Emer-
13 gency Planning determines with respect to any local educa-
14 tional agency that—

15 "(1) (A) such agency is located in whole or in
16 part within an area which, after the date of enactment of
17 this section and prior to July 1, 1967, has suffered a
18 major disaster as a result of any flood, drought, fire,
19 hurricane, earthquake, storm, or other catastrophe which,
20 in the determination of the President pursuant to section
21 2 (a) of the Act of September 30, 1950 (42 U.S.C.
22 1855a (a)), is or threatens to be of sufficient severity
23 and magnitude to warrant disaster assistance by the Fed-
24 eral Government, and

25 "(B) the Governor of the State in which such

1 agency is located has certified the need for disaster assist-
2 ance under this section, and has given assurance of ex-
3 penditure of a reasonable amount of the funds of the
4 government of such State, or of any political subdivision
5 thereof, for the same or similar purposes with respect to
6 such catastrophe,

7 and if the Commissioner determines with respect to such
8 local educational agency that—

9 “(2) public elementary or secondary school facili-
10 ties of such agency have been destroyed or seriously
11 damaged as a result of this major disaster;

12 “(3) such agency is making a reasonable tax effort
13 and is exercising due diligence in availing itself of State
14 and other financial assistance available for the replace-
15 ment or restoration of such school facilities;

16 “(4) such agency does not have sufficient funds
17 available to it from State, local, and other Federal sources
18 (including funds available under other provisions of this
19 Act), and from the proceeds of insurance on such school
20 facilities, to provide the minimum school facilities needed
21 for the restoration or replacement of the school facilities
22 so destroyed or seriously damaged; and

23 “(5) to the extent that the operation of private
24 elementary and secondary schools in the school at-
25 tendance area of the local educational agency has been

1 disrupted or impaired by such disaster, such local educa-
2 tional agency has complied with the provisions of section
3 7 (a) (3) of the Act of September 30, 1950 (Public
4 Law 874, Eighty-first Congress), with respect to pro-
5 visions for the conduct of educational programs under
6 public auspices and administration in which children
7 enrolled in such private elementary and secondary
8 schools may attend and participate,

9 the Commissioner may provide the additional assistance
10 necessary to enable such agency to provide such facilities,
11 upon such terms and in such amounts (subject to the provi-
12 sions of this section) as the Commissioner may consider to
13 be in the public interest; but such additional assistance, plus
14 the amount which he determines to be available from State,
15 local, and other Federal sources (including funds available
16 under other provisions of this Act, and from the proceeds of
17 insurance, may not exceed the cost of construction incident
18 to the restoration or replacement of the school facilities
19 destroyed or damaged as a result of the disaster.

20 “(b) There are hereby authorized to be appropriated for
21 each fiscal year such amounts as may be necessary to carry
22 out the provisions of this section. Pending such appropria-
23 tion, the Commissioner may expend from any funds hereto-
24 fore or hereafter appropriated for expenditure in accordance
25 with other sections of this Act such sums as may be neces-

1 sary for immediately providing assistance under this section,
2 such appropriations to be reimbursed from the appropriations
3 authorized by this subsection when made.

4 “(c) No payment may be made to any local educational
5 agency under subsection (a) except upon application there-
6 for which is submitted through the appropriate State educa-
7 tional agency and is filed with the Commissioner in accord-
8 ance with regulations prescribed by him, and which meets
9 the requirements of section 6(b)(1). In determining the
10 order in which such applications shall be approved, the Com-
11 missioner shall consider the relative educational and financial
12 needs of the local educational agencies which have sub-
13 mitted approvable applications. No payment may be made
14 under subsection (a) unless the Commissioner finds, after
15 consultation with the State and local educational agencies,
16 that the project or projects with respect to which it is made
17 are not inconsistent with overall State plans for the con-
18 struction of school facilities. All determinations made by the
19 Commissioner under this section shall be made only after
20 consultation with the appropriate State educational agency
21 and the local educational agency.

22 “(d) Amounts paid by the Commissioner to local edu-
23 cational agencies under subsection (a) may be paid in ad-
24 vance or by way of reimbursement and in such installments
25 as the Commissioner may determine. Any funds paid to

1 a local educational agency and not expended or otherwise
2 used for the purposes for which paid shall be repaid to the
3 Treasury of the United States.

4 “(e) None of the provisions of sections 1 to 10, both
5 inclusive, other than section 6 (b) (1), shall apply with
6 respect to this section.”

7 SEC. 2. The Act of September 30, 1950, as amended,
8 is amended by inserting, immediately after section 6 of that
9 Act, the following new section:

10 “ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN
11 MAJOR DISASTER AREAS

12 “SEC. 7. (a) If the Director of the Office of Emer-
13 gency Planning determines with respect to any local educa-
14 tional agency that—

15 “(1) (A) such agency is located in whole or in
16 part within an area which, after the date of enactment
17 of this section and prior to July 1, 1967, has suffered a
18 major disaster as a result of any flood, drought, fire,
19 hurricane, earthquake, storm, or other catastrophe
20 which, in the determination of the President pursuant
21 to section 2 (a) of the Act of September 30, 1950 (42
22 U.S.C. 1855a (a)), is or threatens to be of sufficient
23 severity and magnitude to warrant disaster assistance
24 by the Federal Government, and

25 “(B) the Governor of the State in which such

1 agency is located has certified the need for disaster
2 assistance under this section, and has given assurance of
3 expenditure of a reasonable amount of the funds of the
4 government of such State, or of any political subdivision
5 thereof, for the same or similar purposes with respect
6 to such catastrophe,

7 and if the Commissioner determines with respect to such local
8 educational agency that—

9 “(2) such agency is making a reasonable tax effort
10 and is exercising due diligence in availing itself of State
11 and other financial assistance, but as a result of such
12 major disaster it is unable to secure sufficient funds to
13 meet the cost of providing free public education for the
14 children attending the schools of such agency, and

15 “(3) to the extent that the operation of private
16 elementary and secondary schools in the school attend-
17 ance area of such local educational agency has been dis-
18 rupted or impaired by such disaster, such local educa-
19 tional agency has made provision for the conduct of edu-
20 cational programs under public auspices and administra-
21 tion in which children enrolled in such private elemen-
22 tary and secondary schools may attend and participate:
23 *Provided*, That nothing contained in this Act shall be
24 construed to authorize the making of any payment under
25 this Act for religious worship or instruction,

1 the Commissioner may provide to such agency the additional
2 assistance necessary to provide free public education to the
3 children attending the school of such agency, upon such
4 terms and in such amounts (subject to the provisions of this
5 section) as the Commissioner may consider to be in the pub-
6 lic interest. Such additional assistance may be provided for
7 a period not greater than a five-fiscal-year period beginning
8 with the fiscal year in which the President has determined
9 that such area suffered a major disaster. The amount so pro-
10 vided for any fiscal year shall not exceed the amount which
11 the Commissioner determines to be necessary to enable such
12 agency, with the State, local, and other Federal funds avail-
13 able to it for such purpose, to provide a level of education
14 equivalent to that maintained in the schools of such agency
15 during the last full fiscal year prior to the occurrence of such
16 major disaster, taking into account the additional costs rea-
17 sonably necessary to carry out the provisions of subparagraph
18 (3) of this section. The amount, if any, so provided for the
19 second, third, and fourth fiscal years following the fiscal year
20 in which the President determined that such area has suf-
21 fered a major disaster shall not exceed 75 per centum, 50
22 per centum, and 25 per centum, respectively, of the amount
23 so provided for the first fiscal year following such determi-
24 nation.

25 “(b) In addition to and apart from the funds provided

1 under subsection (a), the Commissioner is authorized to
2 provide to such agency an amount which he determines
3 to be necessary to replace instructional and maintenance
4 supplies, equipment, and materials (including textbooks)
5 destroyed or seriously damaged as a result of such major
6 disaster, and to lease or otherwise provide (other than by
7 acquisition of land or erection of facilities) school and cafe-
8 teria facilities needed to replace temporarily such facilities
9 which have been made unavailable as a result of the major
10 disaster.

11 “(c) There is hereby authorized to be appropriated
12 for each fiscal year such amounts as may be necessary to
13 carry out the provisions of this section. Pending such appro-
14 priation, the Commissioner may expend from any funds
15 heretofore or hereafter appropriated for expenditure in ac-
16 cordance with other sections of this Act, such sums as may
17 be necessary for immediately providing assistance under this
18 section, such appropriations to be reimbursed from the appro-
19 priations authorized by this subsection when made.

20 “(d) No payment may be made to any local educa-
21 tional agency under this section except upon application
22 therefor which is submitted through the appropriate State
23 educational agency and is filed with the Commissioner in
24 accordance with regulations prescribed by him. In deter-
25 mining the order in which such applications shall be ap-

1 proved, the Commissioner shall consider the relative edu-
2 cational and financial needs of the local educational agencies
3 which have submitted approvable applications.

4 “(e) Amounts paid by the Commissioner to local edu-
5 cational agencies under this section may be paid in advance
6 or by way of reimbursement and in such installments as the
7 Commissioner may determine. Any funds paid to a local
8 educational agency and not expended or otherwise used for
9 the purposes for which paid shall be repaid to the Treasury
10 of the United States.”

11 HIGHWAY ASSISTANCE IN DISASTER AREAS

12 SEC. 11. (a) Section 120 (f) of title 23 of the United
13 States Code, relating to the Federal share in emergency high-
14 way relief, is amended by inserting before the period at the
15 end of the first sentence a colon and the following: “*And*
16 *provided further*, That the Federal share payable on account
17 of any repair or reconstruction of any Federal-aid highway
18 necessitated by a major disaster, as determined by the Presi-
19 dent pursuant to section 2 (a) of the Act of September 30,
20 1950 (42 U.S.C. 1855a (a)), may be as much as 100 per
21 centum of the cost thereof”.

22 (b) Section 125 of title 23 of the United States Code,
23 relating to emergency highway relief, is amended by striking
24 out the second sentence and inserting in lieu thereof “There
25 is authorized to be appropriated from the General Fund not

1 to exceed \$50,000,000 for the fiscal year ending June 30,
2 1965, and not to exceed \$50,000,000 for each fiscal year
3 thereafter for the purposes of such fund”.

4 PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC
5 FACILITY AND PUBLIC HOUSING ASSISTANCE

6 SEC. 12. In the processing of applications for assist-
7 ance—

8 (1) under title II of the Housing Amendments of
9 1955, or any other Act providing assistance for the
10 repair, construction, or extension of public facilities; or

11 (2) under the United States Housing Act of 1937
12 for the provision of low-rent housing;

13 priority and immediate consideration shall be given, during
14 such period as the President shall by proclamation prescribe,
15 to applications from public bodies situated in major disaster
16 areas.

17 AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

18 SEC. 13. (a) There is hereby authorized to be appro-
19 priated such sums as may be necessary to repair, restore, or
20 reconstruct any project completed or under construction for
21 flood control, navigation, irrigation, reclamation, public
22 power, sewage treatment, water treatment, watershed devel-
23 opment, or airport construction which has been damaged as
24 the result of a major disaster, and which has been specifically
25 authorized by Act of Congress, without regard to any other

1 statutory limitation on the amount which may be appropri-
2 ated in connection with such project.

3 (b) There is hereby authorized to be appropriated such
4 sums as may be necessary to repair, restore, or reconstruct
5 any public highway, road, trail, street, or bridge determined
6 by the Director of the Office of Emergency Planning to be
7 damaged or destroyed as the result of a major disaster and
8 which is not eligible for repair or reconstruction under sec-
9 tion 125 of title 23 of the United States Code. The Federal
10 share of the cost of any such repair, restoration, or recon-
11 struction shall be determined by such Director and may be
12 as much as 100 per centum of the cost thereof.

13 DUPLICATION OF BENEFITS

14 SEC. 14. The head of each department or agency of the
15 Government administering any program providing financial
16 assistance to persons, business concerns, or other entities suf-
17 fering losses as the result of a major disaster shall administer
18 such program in a manner which will assure that no such
19 person, concern, or other entity will receive such assistance
20 with respect to any part of such loss as to which he has
21 received financial assistance under any other such program.

89TH CONGRESS
1ST Session

H. R. 9885

A BILL

To provide additional assistance for areas
suffering a major disaster.

By Mr. ASPINALL

JULY 15, 1965

Referred to the Committee on Public Works

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 20, 1965
For actions of July 19, 1965
89th-1st; No. 130

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HIGHLIGHTS: Sen. Harris criticized fees established under Land and Water Conservation Fund. Sen. Kuchel urged increased production of "quality" cotton to compete with synthetics. Rep. Ashbrook criticized alleged "partisan policies" to promote passage of farm bill. Rep. Purcell urged passage of farm bill.

SENATE

1. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1764, to authorize the acquisition of certain lands within the boundaries of the Uinta National Forest, Utah (S. Rept. 467). p. 16743
2. VETERANS' BENEFITS. By a vote of 69 to 17, passed as reported S. 9, to give cold war veterans educational and home-loan benefits similar to those of World War II and Korean conflict veterans, including institutional on-farm training and home and farm loan assistance by the Veterans Administration. pp. 16672-4, 16676-7, 16679-82, 16684-724

3. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 625, with amendment, to authorize the sale of certain or disconnected tracts of land, and S. 1190, to provide that certain limitations shall not apply to certain land patented to Alaska for the use of the University of Alaska. p. D665
4. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 34, with amendment, to make certain provisions in connection with construction of the Garrison diversion unit, Missouri River Basin project. p. D665
5. RESEARCH. Passed as reported S. 949, to authorize a 5-year program of matching grants to the States by the Commerce Department in a cooperative effort to promote the wider diffusion and more effective application of the findings of science and technology throughout commerce and industry. pp. 16728-32
6. HEALTH. Conferees were appointed on S. 510, to extend and amend certain expiring provisions of the Public Health Service Act relating to community health services (p. 16672). House conferees have already been appointed.
7. USER CHARGES; CONSERVATION. Sen. Harris criticized user charges established under the Land and Water Conservation Fund, urged enactment of legislation to give Congress veto power over any fees established by Federal agencies, and inserted an Okla. Legislature resolution in support of his position. p. 16645
8. COTTON. Sen. Kuchel urged increased production of "quality" cotton to compete more effectively with synthetics, expressed opposition to payment of price supports "on cotton that is not of sufficiently high quality to be used in our high-speed and efficient modern textile mills," and inserted a letter from the president of the Western Cotton Growers Assoc. in support of his position. p. 16657
9. HOUSING LOANS. Conferees were appointed by both Houses on H. R. 7984, the housing and urban development bill. pp. 16555, 16700
Sen. Byrd, W. Va., inserted an article by Vice President Humphrey reviewing and commending the housing and urban development bill. pp. 16660-1
10. PUBLIC WORKS; FLOOD CONTROL. The Public Works Committee reported an original bill, S. 2300, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and other purposes (S. Rept. 464). p. 16646
11. DISASTER RELIEF. Passed over, at the request of Sen. Inouye, S. 1861, to provide additional assistance for areas suffering a major disaster. p. 16644

HOUSE

12. LEGISLATIVE BRANCH APPROPRIATION BILL, 1966. Conferees were appointed on this bill, H. R. 8775, which includes items for the Government Printing Office and the Library of Congress (pp. 16553-5). Senate conferees have already been appointed.
13. SALINE-WATER; RESEARCH. Conferees were appointed on S. 24, to expand, extend, and accelerate the saline water conversion program conducted by Interior (p. 16555). Senate conferees have already been appointed.

CAPT. PAUL W. OBERDORFER

The bill (H.R. 1217) for the relief of Capt. Paul W. Oberdorfer was considered, ordered to a third reading, read the third time, and passed.

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 452), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to pay Capt. Paul W. Oberdorfer the sum of \$130.63 in full settlement of his claim for the cost of transporting his wife from New Orleans, La., to San Francisco, Calif.

STATEMENT

The facts in the case are found in House Report No. 74, 89th Congress, 1st session, as follows:

"The Department of the Air Force, in its report indicating that it favors enactment of H.R. 5743, admits that special orders authorizing transportation for the wife of Captain Oberdorfer were issued in error through the fault of U.S. Air Force personnel alone without any fault or responsibility on the part of Captain and Mrs. Oberdorfer. The erroneous orders upon which Mrs. Oberdorfer traveled were in violation of regulations which prohibit the furnishing of transportation at Government expense to a dependent who is serving in Federal military duty on the effective date of the military sponsor's permanent change of station order.

"The facts giving rise to the erroneous transportation orders are that Captain Oberdorfer was issued permanent change of station orders to California, effective February 10, 1962. At that date his wife was on duty as a nurse with the 159th Evacuation Hospital, Louisiana National Guard Unit, at Fort Sill, Okla. As soon as Mrs. Oberdorfer was relieved from her active duty tour, which had extended from January 3, 1962, until August 6, 1962, she proceeded to California in accordance with travel orders issued by the Air Force. The Air Force concedes that Captain Oberdorfer's orders were prepared in such a way that he could easily assume that Mrs. Oberdorfer was authorized transportation to California at Government expense at a later date. While Air Force personnel should have questioned the travel orders for Mrs. Oberdorfer as authorizing movement of a dependent who was herself on active duty at the effective date of the captain's permanent change of station, they failed to do so. Affidavits from the Air Force administrative personnel involved state that they were aware that Mrs. Oberdorfer had been on duty as a nurse, but were under the impression that travel undertaken after her discharge from active duty was proper at Government expense.

"In the light of the admissions of error by the Air Force with no fault on the part of Captain and Mrs. Oberdorfer who relied on assurances that the cost of her transportation was reimbursable, it does not seem fair and equitable that the cost of transportation should be borne by Captain Oberdorfer. Accordingly the committee reports favorably on H.R. 5743 and recommends that the bill do pass."

In agreement with the House the committee recommends favorable enactment.

CWO ELDEN R. COMER

The bill (H.R. 1374) for the relief of CWO Elden R. Comer was considered, ordered to a third reading, read the third time, and passed.

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 453), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to pay to CWO Elden R. Comer, U.S. Navy, retired, the sum of \$1,680.62 in full settlement of his claim against the United States for additional retired pay which accrued during the period August 30, 1946, to October 17, 1952, inclusive.

GEORGE A. GRABERT

The bill (H.R. 2881) for the relief of George A. Grabert was considered, ordered to a third reading, read the third time, and passed.

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 454), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to pay George A. Grabert, of Mount Vernon, Ind., \$277.26 in full settlement of his claims against the United States for refund of amounts required to be paid by him to the United States on account of salary overpayments resulting from longevity promotions being granted on incorrect dates in connection with his employment with the U.S. Post Office Department during the period beginning July 1, 1950, and ending November 16, 1956.

ADDITIONAL PLACE FOR HOLDING COURT IN THE DISTRICT OF NORTH DAKOTA

The bill (S. 102) to provide an additional place for holding court in the district of North Dakota was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 114 of title 28, United States Code, is amended as follows:

In the second sentence of paragraph (4) after "Minot" insert "and Williston".

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 455), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to provide that the city of Williston be an additional place for holding court in the district of North Dakota.

STATEMENT

An identical bill, S. 2392, of the 88th Congress, was reported favorably by the committee. All of the facts and justification for this legislation are contained in Senate Report 1391 of the 88th Congress and are as follows:

"The Judicial Conference of the United States, at its meeting on March 16 and 17, 1964, voted to disapprove the legislation due to the fact that it did not have sufficient

cases to justify the holding of terms of court at Williston, N. Dak.

"Since that time the committee has received information from the Honorable George S. Register, the chief judge of the district of North Dakota with reference to the legislation. The chief judge supports the legislation as do the commissioners of the city of Williston and the Williston Chamber of Commerce. The chief judge in his comment states that Williston occupies a rather unique position among the cities of the State. He points out that the Garrison Dam project will result in substantial industrialization, great economic growth, and development in that area. Oil has been discovered in the immediate vicinity of Williston and he anticipates that there will also be a substantial oil and mineral development. He further contended that the Williston area of this State has a very promising future and that the developments referred to are in the not distant future. It will mean a substantial and rapid increase in population as well as business. Representatives of the bar association called upon the chief judge urging the legislation and it is understood that a new Federal building is to be built at the site of Williston. If Williston is designated as a place for holding court in the district of North Dakota quarters for court may be provided for in the new Federal building.

"The committee, after a review of the facts surrounding this legislation, takes the view that there are adequately sufficient indications to believe that the city of Williston will be, in the very near future, such a community as would require the sitting of the U.S. district court for that district. In view of these facts the committee recommends that the bill, S. 2392, be considered favorably."

After consideration, the committee adheres to its former recommendation and again recommends that the bill, S. 102, be considered favorably.

SAMUEL L. MCCOY

The bill (S. 850) for the relief of Samuel L. McCoy was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Samuel L. McCoy, of Roxbury, Massachusetts, the sum of \$760, in full satisfaction of all his claims against the United States for reimbursement of payments made by him in connection with an accident involving personal injuries to the occupant of a house owned by the Veterans' Administration and managed by the said Samuel L. McCoy as management broker for the regional office of the Veterans' Administration: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 456), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to provide for the payment of \$760 to Samuel L. McCoy, Roxbury, Mass., in full satisfaction of all his claims against the United States for reimbursement of payments made by him in connection with an accident involving personal injuries to an occupant of a house owned by the Veterans' Administration and managed by Samuel L. McCoy as management broker.

STATEMENT

The facts of the case are found in the report of the Veterans' Administration addressed to the chairman of the committee, dated June 11, 1965, and are as follows:

"The property involved was located at 93 Devon Street, Dorchester, Mass. It had been acquired by the Veterans' Administration under the veterans' loan guarantee program established by title III of the Servicemen's Readjustment Act of 1944 (now 38 U.S.C. ch. 37). This property was sold to a Mr. Pinnick in 1957, who, in turn, defaulted. Following the foreclosure of his defaulted mortgage the property was reacquired by the Veterans' Administration on June 29, 1959.

"When a property is acquired by the Veterans' Administration, the services of a management broker are secured to supervise the property and endeavor to accomplish its resale. The duties of such a management broker include the safeguarding and preservation of the property. He is required to inspect the property at least once monthly, for which service he receives a fee of \$7.50 per month, and may obligate the Veterans' Administration for the cost of emergency repairs, not to exceed \$50 for any one item.

"Mr. Samuel L. McCoy was engaged as a management broker to handle the property for resale. During the period of offering the property for sale, Mr. McCoy rented the house to Mrs. Evelyn Pinnick who had continued in possession after the foreclosure. She failed to make rental payments and Mr. McCoy took eviction action by giving her the 14 days notice to quit the premises as required by the law of Massachusetts. This 14-day period expired on September 1, 1959. Mrs. Pinnick failed to surrender possession of the house to Mr. McCoy and on September 3, 1959, she was injured in a fall on the front steps.

"Mrs. Pinnick filed suit against Mr. McCoy in the superior court, Suffolk County, Mass., alleging that Mr. McCoy controlled and managed the property and that her injury resulted from his negligence in not maintaining the premises in as good condition as existed on the date when she became a tenant. The suit proceeded to trial and during the course of the trial the matter was settled, Mr. McCoy paying Mrs. Pinnick \$210 damages. In addition to paying the \$210 damages, Mr. McCoy paid attorney fees amounting to \$550 to the attorney whom he had selected to represent him. Under S. 850 the Government would pay this sum of \$760 to Mrs. McCoy."

Mrs. Pinnick elected to exercise her right to sue Mr. McCoy instead of the Federal Government. It is the feeling of the committee that this tort action was one properly lying against the Government rather than against the claimant, who was an innocent victim of Mrs. Pinnick's election. Accordingly, the committee recommends favorable enactment.

MRS. HERTHA L. WOHLMUTH

The bill (S. 711) for the relief of Mrs. Hertha L. Wohlmuth was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That, for the purposes of section 32(a) (2) (D) of the Trading With the Enemy Act, Mrs. Hertha L. Wohlmuth of Munich, Bavaria, United States Zone, shall be held and considered to have been a United States citizen at all times since December 7, 1941, and any notice of claim filed under such Act by the said Mrs. Hertha L. Wohlmuth within six months after the enactment of this Act shall be deemed to be timely filed.

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 457), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is that, for the purposes of section 32(a) (2) (D) of the Trading With the Enemy Act, Mrs. Hertha L. Wohlmuth, of Munich, Bavaria, U.S. Zone, shall be held and considered to have been a U.S. citizen at all times since December 7, 1941, and any notice of claim filed under such act by the said Mrs. Hertha L. Wohlmuth within 6 months after the enactment of this act shall be deemed to be timely filed.

BILL PASSED OVER

The bill (S. 1861) to provide additional assistance for areas suffering a major disaster was announced as next in order.

Mr. INOUE. Mr. President, over.

The PRESIDENT pro tempore. The bill will be passed over.

H.R. 8484

The bill (H.R. 8484) to amend section 2634 of title 10, United States Code, relating to the transportation of privately owned motor vehicles of members of the Armed Forces in a change of permanent station was considered, ordered to a third reading, read the third time, and passed.

Mr. INOUE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 460), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The basic objective of this bill is to broaden the authority for the sea transportation at Government expense of automobiles owned by military personnel.

The principal reason for such broadening is to provide relief to members of the Armed Forces ordered to Vietnam from permanent duty stations outside the United States.

EXPLANATION

Under current law a member of the Armed Forces ordered to make a permanent change of station is entitled to have one automobile owned by him and for his personal use shipped to his new station at the expense of the United States. This authority is limited to transportation from the port serving his old station to the port serving his new duty station. In contrast, a member of the Armed Forces is authorized to move his household goods to places other than his new duty station when he is ordered to a permanent change of station.

The restriction in current law on the transportation of automobiles has created hardships for members of the Armed Forces serving in overseas areas such as Hawaii, Okina-

wa, and the Philippines when they are ordered to an area such as Vietnam where they cannot take their dependents or automobiles. In these cases the dependents and household goods are returned to a location in the United States, but the member now must either sell the automobile or pay the cost of overseas transportation and port handling charges for shipment to a port in the United States. Members of the 1st Marine Brigade who were ordered from Hawaii to Vietnam in May of this year have experienced the problem this bill is intended to relieve.

The bill would amend existing law to provide that the Secretary of the service concerned may authorize the transportation of an automobile owned by the member for this personal use or the use of his dependents to the member's new station or to such other place as the Secretary may authorize. The bill would be retroactive in effect to May 1, 1965, to cover the shipment from Hawaii of motor vehicles owned by members of the 1st Marine Brigade who were transferred to Vietnam.

Use of foreign-flag shipping service

The existing authority for the sea shipment of automobiles owned by members of the Armed Forces is limited to vessels owned, leased, or chartered by the United States, or to privately owned American shipping services. This bill would permit the use of foreign-flag shipping services if shipping services on vessels owned, leased, or chartered by the United States or privately owned American shipping services are not reasonably available. In a few instances members of the Armed Forces are transferred between overseas duty stations not served by U.S. vessels or privately owned American shipping services. Consequently, the shipment of privately owned vehicles is either disapproved or the automobile must be transshipped through an American port to the final destination. If the shipment is denied the member is disadvantaged for reasons beyond his control. If the automobile is first shipped to the United States the costs are greater than if foreign shipping services could be used.

Shipment of a replacement vehicle

Under the law now in effect a member of the Armed Forces whose automobile is lost or destroyed for reasons beyond his control after it has been shipped at Government expense to his permanent duty station is not entitled to have a replacement automobile shipped at Government expense. This law is different from the one applicable to civilian employees, who may have a replacement automobile shipped at Government expense when the head of the department concerned determines that such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. This bill would equalize the entitlement of members of the Armed Forces with that of civilian employees in this respect.

The committee expects this authority to be carefully administered. The term "replacement" should be strictly construed so that the transportation of a second automobile at Government expense is authorized only in good-faith cases of hardship.

Definition of the term "change of permanent station"

For the purpose of shipment of automobiles of members of the Armed Forces at Government expense, the bill would define the term "change of permanent station" to include changes from home to first station when called to active duty and from last station to home upon separation or retirement and an authorized change in home yard or home port of a vessel, in addition to transfers or assignments between permanent posts of duty or official stations. The committee was informed that this definition is consistent with the definition applied under the Joint Travel Regulations for the pur-

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SENATE

10. AGRICULTURE AND FORESTRY COMMITTEE reported: With amendments S. 1766, to authorize the Secretary of Agriculture to make loans to public agencies and nonprofit corporations for the development of water systems serving rural areas (S. Rept. 500); with amendments S. 7, to provide for the establishment of the Spruce Knob-Seneca Rocks Recreation Area, W. Va. (S. Rept. 507); with amendment S. 1271, to extend for 2 years provisions of the Agricultural Adjustment Act permitting the lease of tobacco acreage allotments (S. Rept. 503); without amendment S. 1270, to extend for 2 years the exemption of green peanuts from marketing quotas (S. Rept. 504); without amendment S. 2294, to extend for 1 additional year the International Wheat Agreement Act of 1949 (S. Rept. 505); without amendment H. R. 8620, to take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965 (S. Rept. 502); and without amendment H. R. 5508, the Department's administrative omnibus bill (S. Rept. 506). p. 17223
11. DISASTER RELIEF. Passed as reported S. 1861, the proposed Disaster Relief Act of 1965 (pp. 17204-17). As passed the bill makes the following provisions: Authorizes the Secretary of Agriculture to readjust the schedules for payment of principal and interest on REA loans to borrowers suffering property damage in disaster areas, and to extend the maturity dates of such loans up to forty years from the dates of such loans. Authorizes Farmers Home Administration emergency loans up to \$30,000, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the Secretary of Agriculture finds that the required financial assistance can be met by private, cooperative, or other responsible sources. Authorizes the Secretary of Agriculture to make grants to farmers whose farmlands or livestock have been damaged as the result of a major disaster; such grants shall not exceed two-thirds of the cost, or \$10,000 to any farmer. Authorizes the Secretary of Agriculture to make or insure loans to associations for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas damaged by a disaster; the Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems, water systems, and other public facilities providing for community services in these areas. Authorizes to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project completed or under construction for flood control, irrigation, reclamation, public power, sewage treatment, water treatment, or watershed development which has been damaged as the result of a major disaster.
12. LANDS. Passed without amendment S. 1190, to provide that certain limitations shall not apply to certain land patented to the State of Alaska for the use and benefit of the Univ. of Alaska. p. 17172
Passed as reported S. 1413, to provide for the termination of Federal supervision over the property of the Confederated Tribes of Colville Indians located in Wash. State and the individual members thereof. pp. 17167-71
13. RECLAMATION. Passed without amendment H. R. 237, to reauthorize the initial stage of the Garrison diversion unit, Missouri River Basin project. S. 34, a similar bill, was indefinitely postponed. H. R. 237 will now be sent to the President. pp. 17218-22

14. REGULATORY PRACTICES. Received from GAO a report on "need to strengthen regulatory practices and study certain trading activities relating to commodity futures markets, Commodity Exchange Authority." p. 17223
15. FARM PROGRAM. Sen. Thurmond inserted several articles claiming that "political coercion" is being employed on Members of Congress who represent States which have farming interests. pp. 17244-5

ITEMS IN APPENDIX

16. FARM LABOR. Rep. Talcott inserted an article, "Braceros Formed A Free Peace Corps", critical of the farm labor program. p. A3967
17. PURCHASING. Rep. Gubser inserted an article criticizing procurement practices, and stating a change in the "attitude of many Government agencies towards commercial products is long overdue." p. A3968
18. NATURAL RESOURCES. Extension of remarks of Rep. Dingell discussing Labor's interest in conservation and inserting Walter Reuther's address, "Enhancing Our Living Environment." pp. A3971-3
19. BALANCE OF PAYMENTS. Rep. Multer inserted Treasury Secretary Fowler's address concerning "recent attempts to secure improvements in international monetary arrangements, and the related importance of maintaining a stable dollar to insure world liquidity." pp. A3985-8
20. WHEAT; BREAD TAX. Rep. Greigg inserted an article which denounces the false issue of "bread tax" in reference to the farm program. p. A3988
21. RECLAMATION; WILDERNESS. Extension of remarks of Rep. Hansen (Idaho) stating that "much has been said for wilderness areas and wild rivers programs....."; and overlooking the "wonderful job done by our Bureau of Reclamation and other water resource agencies over the years." p. A3989
22. FARM PROGRAM; PLATFORM. Extension of remarks of Rep. Brock commending and inserting the text of the Young Republican's national platform, including a section on agriculture. pp. A3991-2
23. WEIGHTS AND MEASURES. Extension of remarks of Rep. Hansen (Idaho) favoring adoption of the metric system of weights and measures and inserting an editorial on this subject. pp. A3993-4
24. POTATOES. Extension of remarks of Rep. Hansen, Idaho, emphasizing that "Idaho will play second fiddle to no one" in the production of potatoes and inserting several items commenting on alleged "derogatory" statements by Arthur Godfrey about Idaho potatoes. pp. A3997-8
25. WOOL; COTTON. Extension of remarks of Rep. Cooley commending this Department's development of cotton and wool materials with new convenience properties. p. A4007
26. ECONOMICS. Extension of remarks of Rep. Multer inserting an article and stating that it discusses the differences between the current economic situation and that of 1929, and points out why there will not be another economic disaster such as occurred that year. p. A4014

zine under the title "A Crash Next Year? Why It's a Real Danger and How It Can Be Avoided" says:

Even the most traditionalist banker in the free world is becoming convinced that something will have to be done fast to head off a liquidity crisis. But it is very late—much too late, for sure, to go on drifting.

The tools with which the IMF and the central banks control international exchange today are primitive indeed in the light of the increasing volume and complexity of world trade. It will take several years at the earliest to modernize these tools to be able to deal with the foreseeable liquidity problems of the future. Any serious shortage of dollars and pounds as reserve currencies, any loss of confidence in the pound or the dollar, could create an international monetary crisis in a matter of weeks. The time to create the new mechanisms to deal with the situation is now before the threat of a crisis is upon us, not next year or the year after when there may not be time before disaster strikes.

Second. It is true that the plan requires some modest yielding of national sovereignty to a ninternational monetary authority. Also in the minds of monetary patriots it would downgrade the pound and the dollars into mere national currencies instead of maintaining their proud status as the principal reserve currencies of the world to which both the worldwide free enterprise system and the central banks of the developed nations turn with gratitude. But it makes no economic sense to wrap the flag around ourselves and proclaim we are unwilling to see the dollar eliminated as a key international currency when that is exactly what our domestic economy needs if it is not to become bogged down by efforts of the monetary patriots to force the dollar to play two quite inconsistent roles at the same time. The inevitable result would be that the goal of full employment in our country will become unattainable because we have to tighten money and raise interest rates at home to protect the status of the dollar abroad. In the management of any world central bank the United States would have a powerful voice. There is no basis for the fear that we would become the slaves of the bankers of Europe.

Again, it will take several years to change the present pattern of international banking thought. The time to start is now. We should not wait until international trade is thrown into the same shambles American trade found itself in in 1789 before Hamilton persuaded a reluctant Congress to agree to the assumption of State debts by the newly created Federal Government. Nor should we, with our eyes open, move again toward the disaster which overtook the London Economic Conference in 1933 when Franklin D. Roosevelt refused to go to the rescue of the pound and pushed through the elimination of the convertibility of dollars into gold. A stitch in time saves nine.

Finally, it is true that the plan in effect downgrades the gold exchange system although it pays lipservice to it by per-

mitting the national depositors with the reorganized International Monetary Fund to withdraw the 20 percent of their reserves which they are to deposit in the International Monetary Fund in gold or its equivalent. But the worship of gold as a basis for international exchange is one of the least useful myths of our essentially pagan international monetary system. There is not now and in all likelihood there never will be, enough gold in the world to provide the ultimate base for international money, unless we are prepared to go again through the economic misery of devaluing the dollar, the pound and, probably, a dozen other currencies. We did ourselves a longrun national service when we abolished gold convertibility in the thirties. We struck another blow for freedom when we repealed the requirement of a gold coverage for deposits in Federal Reserve banks earlier this year. It is a shame that while we were at it we did not go all the way and eliminate the necessity of maintaining a gold reserve behind our Federal Reserve notes. The elimination of private speculation in gold, which would result from the plan, would certainly be a net gain in terms of stability for international exchange.

There may not have been much economic sense in William Jennings Bryan's famous peroration in 1896:

You shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold.

But if a successor to Bryan were to speak the words today in connection with international trade he might well be right. Why should we permit General De Gaulle to stage a run on our dwindling gold supply—perhaps in an effort to bring down the dollar? Under any sensible monetary system he would have no use for the gold when he got it, and we would have no occasion to feel concerned when he claimed it.

In the last few weeks we have pretty well got rid of the silver myth by substantial elimination of the silver content in most of our coins. Why not complete the job by getting rid of the gold myth and giving the IMF the authority to regulate international liquidity on the basis of the needs of international trade, rather than on the amount of gold held in Fort Knox and the vaults of central banks?

Obviously we are a long way from persuading the central bankers of the world to eliminate gold as an ultimate medium of exchange and to substitute an international currency unit to be issued by a world bank in amounts determined in relationship to the volume of international trade from time to time. Nevertheless, the time has come to make a start. Gold is an utterly unrealistic basis for currency in the modern world.

In the meanwhile, of course, we must protect ourselves against a run on our own gold supply. Given the fact that our balance of payments has improved enormously since the first of the year, this might not be too difficult a task. The important thing is to arrange as soon as possible for substantial additional international liquidity.

I return to ex-Secretary Dillon's Middlebury College speech, in which he spoke of a "great and growing urgency—the compelling need to improve and strengthen the international monetary system. This is a problem—which—must concern all of us, for unless we and our free world partners can agree on how to make the needed improvements in the system, the consequences for the economies of all free countries, including the United States, will be most serious."

Secretary Dillon believes that the recent increases in the assets of the International Monetary Fund, while helpful in meeting the needs of an expanding free world economy, are not enough and that further action is needed in the relatively near future.

Secretary Dillon is not concerned, nor am I, that the world will lose confidence in the dollar with a resulting sharp decline in international liquidity. The danger is the other way; that is, that confidence in the dollar plus our necessity to shrink its availability internationally in order to keep our payments in balance, will cause such a contraction in international trade and investment as to bring on a world recession.

Free movements of capital are an essential element of rapid growth. Our first necessity is to convince a skeptical world that the United States has both the capacity and the will to balance its accounts with the rest of the world and to keep them balanced. This we are in the process of doing without tightening money or increasing interest rates at home.

But now that we appear to be succeeding in righting our own balance of payments by our own actions, there is a further important and pressing need: It is to strengthen the international monetary system so as to insure that the needed increases in international reserves will be forthcoming to finance a growing international trade. That is the real problem which confronts us today if we are to prevent a slowing down of the economic growth in individual countries which would soon threaten a worldwide recession.

There is enough time left to do the job fully and carefully; but no time to dally. We need to develop an international monetary system capable of financing international trade now, before the heat goes on, not after it becomes too hot to stay in the kitchen.

I conclude, as I began: Domestic prosperity, full employment, reasonable price stability, and maximum domestic production all require a flourishing international trade with an excess of exports over imports. Growing international trade requires adequate international liquidity to finance it. We must take the lead in providing that liquidity if we are to protect our own economy. The time to start is now, not next month or next year. We cannot allow the France of General de Gaulle to stand in the way.

I congratulate Secretary Fowler for his Hot Springs speech and his suggestion that an international monetary conference should be promptly convened. I

urge him and his colleagues in his own words "to move ahead, carefully and deliberately but without delay."

Mr. President, I yield the floor.

Mr. HARTKE. Mr. President, I compliment the Senator from Pennsylvania upon one of the finest statements I have heard in the field of the relationship of international finance to full employment at home. These issues must be opened up. It is time that they be discussed.

The proposition that we should discuss these problems does not necessarily mean that any one person might have the ultimate solution. The solution proposed by the Senator from Pennsylvania may perhaps be rejected; it may be accepted. It may be a solution which the administration would want Congress to support; it may be one that it would want Congress to reject.

We cannot in any way come to any type of conclusive thought on either the acceptance or the rejection of basic ideas until they are put on the table.

I believe that there is great merit to this proposal. But, I believe that no matter what happens, it would be at least 2 years before we could have a conference and reach a successful conclusion. It would more likely be closer to 5 years, if we were to reach one at all.

Precisely because it will take so many years before we can accomplish a fundamental reform of the international monetary system, it is my belief that the United States must take the initiative today. The United States, as the most powerful economy in the world, must act to keep the machinery of the world's monetary system running, until we have the time to overhaul or replace it.

The United States today is in balance-of-payments equilibrium; the President's emergency program has worked brilliantly. These are the reasons why I have urged that the United States fulfill its responsibility and protect its own prosperity by moving, now, to defend the world's prosperity. With a strong trade surplus and the President's emergency program always at hand, a balance-of-payments deficit of as much as \$1 billion is fully consistent with a position of balance-of-payments equilibrium. We cannot afford, as our British friends would say, to be penny wise and pound foolish. This is exactly what we will be if, by running balance-of-payments surpluses today we produce a worldwide recession tomorrow.

I hope this is not the last statement that the Senator from Pennsylvania will make on this subject. I hope the Senator will continue to press forward with the same kind of courage and conviction that he demonstrates in the Senate on every issue on which I have had a chance to witness his activity.

Mr. CLARK. Mr. President, I thank my friend the Senator from Indiana for his kind words, and welcome him as an ally in this cause.

Mr. GORE. Mr. President, I, too, wish to commend the Senator from Pennsylvania for one of the most thoughtful addresses to which I have listened in a long time.

It challenges the attention of every Member of the Senate. It challenges

also the attention of every citizen of the country who is concerned with the economic welfare and the position of the United States in the world community.

Mr. CLARK. Mr. President, I thank my old and dear friend the Senator from Tennessee, for his kind comments.

ADDITIONAL ASSISTANCE FOR AREAS SUFFERING A MAJOR DISASTER

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 443, S. 1861.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1861) to provide additional assistance for areas suffering a major disaster.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with amendments on page 2, after line 8, to strike out:

SEC. 3. (a) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Farmers Home Administration where he finds such refinancing necessary because of property losses sustained by such borrower as a result of a major disaster. Any loan so refinanced may provide for the repair or construction of structures and for the purchase of building sites when the original sites cannot be utilized as a result of such disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(b) The Secretary of Agriculture is authorized to refinance a borrower's indebtedness under programs administered by the Rural Electrification Administration, where he finds such refinancing necessary because of loss, destruction, or damage of property resulting from a major disaster. The term of such loan may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

And, in lieu thereof, to insert:

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan exten-

sion authority provided in section 12 of the Rural Electrification Act.

On page 4, at the beginning of line 3, to strike out "(c)" and insert "(b)"; after line 21, to strike out:

(d) The Administrator of Veterans' Affairs is authorized to refinance any loan made by the Veterans' Administration where he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(e) Loans made pursuant to paragraph (1) of section 7(b) of the Small Business Act, as amended (15 U.S.C. 636(b)), for the purpose of replacing, reconstructing, or repairing dwellings damaged or destroyed as a result of a major disaster may have a maturity of not to exceed forty years: *Provided*, That the Administrator of the Small Business Administration may authorize a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any such loan for a period not to exceed five years, if he determines that such action is necessary to avoid severe financial hardship. The provisions of section 7(c) of such Act shall not be applicable to any such loans which have a maturity in excess of thirty years.

(f) The Administrator of the Small Business Administration may authorize for a period not to exceed five years a suspension in the payment of principal and interest charges on, and an extension in the maturity of, any loan made to small business concerns pursuant to section 636(a) of the Small Business Act, as amended (15 U.S.C. 636(a)), if he determines that such action is necessary to avoid severe financial hardship resulting from loss or damage incurred by a major disaster.

And, in lieu thereof, to insert:

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as defined in subsection 1855(a) of title 42, United States Code. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

(d) In the administration of the disaster loan program under section 7(b) of the Small Business Act, any application for a loan thereunder in an amount of \$30,000 or less in the case of a homeowner, or \$100,000 or less in the case of a business concern, may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the re-

quired financial assistance is otherwise available from private sources.

(e) In the administration of subtitle III of the Consolidated Farmers Home Administration Act of 1961, relating to emergency loans, any application for a loan thereunder in an amount of \$30,000 or less may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the Secretary of Agriculture finds that the required financial assistance can be met by private, cooperative, or other responsible sources (including loans the Secretary of Agriculture is authorized to make or insure under any other provision of law).

On page 7, at the beginning of line 23, to strike out "(g)" and insert "(f)"; on page 8, after line 2, to strike out:

REFINANCING OF OUTSTANDING MORTGAGE OBLIGATIONS

SEC. 4. (a) For the purpose of enabling any State which has suffered a major disaster to refinance outstanding home mortgage obligations or other real property liens which are not insured or guaranteed by any Federal agency and which are secured by one- to four-family homes which have been severely damaged or destroyed by such disaster, the President is authorized, upon application, to make matching grants to such State on a 75 per centum Federal 25 per centum State participating basis, any funds provided by such State to pay the costs of refinancing such mortgage obligations or real property liens.

(b) Any application for a grant under this section shall—

(1) be in accordance with a plan submitted by the State, to be approved by the President, for the implementation of the purpose of this section;

(2) designate the State agency for carrying out the plan;

(3) provide assurances that any loan made for the purpose of refinancing any mortgage obligation, or other real estate lien, shall have a maturity of not to exceed forty years and bear interest at a rate not to exceed 3 per centum per annum: *Provided*, That the State agency may authorize a suspension in the payment of principal and interest charges on, and an extension of the maturity of, any such loan for a period not to exceed five years, if it determines that such action is necessary to avoid severe financial hardship;

(4) specify that no loan for refinancing the outstanding debt secured by any single property shall exceed \$30,000;

(5) provide assurances that equitable treatment will be accorded to all eligible property owners; and

(6) set forth such further information as the President may by regulation require.

And, in lieu thereof, to insert:

GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS AND BUSINESSES

SEC. 4. (a) The President is authorized in accordance with the provisions of this section to provide assistance to the States in developing and carrying out comprehensive and practicable programs for assisting homeowners and business concerns suffering property losses as the result of a major disaster. For the purposes of this section, the term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

(b) From the sums appropriated pursuant to subsection (1) the President is authorized—

(1) to make grants to any State, upon application therefor, in an amount not to exceed 50 per centum of the cost of developing a program referred to in subsection (a):

Provided, That the total grants made to any State under this paragraph shall not exceed \$250,000; and

(2) to make grants to any State, upon the basis of an approved State plan, to pay not to exceed 50 per centum of the cost of carrying out such a program.

(c) Any State desiring to participate in the grant program under paragraph (2) of the preceding subsection shall designate or create an agency which is specially qualified to administer such a disaster relief program, and shall, through such agency, submit a State plan which shall—

(1) set forth a comprehensive and detailed State program for assistance to homeowners and business concerns suffering property losses as a result of a major disaster;

(2) specify that the homeowner or business concern will assume 25 per centum of the property loss sustained by it as a result of such a disaster, and the State will agree to pay 25 per centum of such loss;

(3) provide that no homeowner or business concern shall be eligible to participate in such a State program unless the damage to the property of such owner or concern resulting from such a disaster exceeds 5 per centum of the value of such property prior to such a disaster, or \$100, whichever is the greater;

(4) specify that the maximum amount of loss to be shared jointly by the homeowner or business concern, the State, and the Federal Government under such a program shall be \$30,000 in the case of a homeowner, and \$100,000 in the case of a business concern;

(5) provide a means of appraisal to establish the fair market value of the property of such owner or concern damaged or destroyed as a result of such a disaster;

(6) provide assurances that equitable treatment will be accorded all eligible property owners;

(7) contain satisfactory evidence that the State will adequately supervise such program;

(8) provide such fiscal control and fund accounting procedures as the President deems necessary; and

(9) set forth such further information as the President may by regulation require.

(d) The President shall approve any State plan which complies with the provisions of subsection (c) of this section.

(e) No grant may be made under this section—

(1) for any loss for which private insurance is available and collectible in such State at reasonable rates;

(2) for any loss in a State which does not have approved flood-plain zoning controls or other similar preventive measures in force; and

(3) to any public agency or organization for the loss of any property owned by such agency or organization.

On page 12, at the beginning of line 12, to strike out "(c)" and insert "(f)"; at the beginning of line 16, to strike out "(d)" and insert "(g)"; at the beginning of line 21, to strike out "(e)" and insert "(h)"; at the beginning of line 24, to strike out "(f)" and insert "(i)"; on page 15, after line 9, to strike out:

SEC. 6. (a) Section 203(h) of the National Housing Act is amended to read as follows:

"(h) (1) Notwithstanding any other provision of this section, the Commissioner is authorized to insure and to make commitments to insure any mortgage secured by a property upon which there is located a dwelling designed principally for a single family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as

a tenant was destroyed or damaged to such an extent that reconstruction or replacement is required as a result of a natural disaster determined by the President to be a major disaster pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

"(2) To be eligible for insurance under this section, a mortgage shall—

"(A) not exceed \$20,000; and

"(B) not exceed (i) 100 per centum of the appraised value of the property, or (ii) the sum of the estimated cost of restoring the property and the Commissioner's estimate of the value of the property before restorations: *Provided*, That in no case involving refinancing shall such mortgage exceed the estimated cost of restoring the property and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property;

"(C) bear interest (exclusive of premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum; and

"(D) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed forty years from the beginning of the amortization of the mortgage.

"(3) The property covered by any mortgage insured under this subsection shall comply with such standards and conditions as the Commissioner may prescribe (having due regard to the purposes sought to be achieved by this subsection) to establish the acceptability of such property for mortgage insurance."

(b) Section 305 of such Act is amended by adding at the end thereof a new subsection as follows:

"(1) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage which is insured under section 203(h) of this Act: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$ _____."

On page 17, at the beginning of line 17, to strike out "(c)" and insert "Sec. 6."; in the same line, after the word "of", to strike out "such" and insert "the National Housing"; in line 19, after the word "subsections", to strike out "(a) and (f)" and insert "(a), (d) (2), (d) (3), (d) (6), and (f)"; on page 18, after line 3, to strike out:

EXTENSION OF TIME FOR COMPLIANCE WITH PROGRAMS ADMINISTERED BY DEPARTMENT OF AGRICULTURE

SEC. 7. The Secretary of Agriculture is authorized in the case of any farmer in any area which has suffered a major disaster to reopen or extend, under such terms and conditions as he may prescribe, the period prescribed for participating in any program being administered by the Department of Agriculture, if the Secretary determines that (1) such action is necessary to help such farmer avoid severe financial hardship which has or will likely result from such major disaster, (2) such farmer would have been eligible to participate in such program if he had made timely application for participation therein; and (3) such action is feasible and will not materially defeat the purpose of such program.

And, in lieu thereof, to insert:

ASSISTANCE TO FARMERS IN MAJOR DISASTER
AREAS

SEC. 7. (a) The Secretary of Agriculture is authorized to make grants to farmers whose farmlands or livestock have been damaged as the result of a major disaster. Such grants shall be made (1) for the purpose of assisting such farmers to prepare such lands for cultivation and to restore such lands or livestock to normal productive capacity, and (2) only in the case of lands on the farm normally used in the production of an agricultural crop. No grant shall be made hereunder to assist in restoring lands or livestock to production unless the Secretary determines that the cost of preparing such lands for production has been increased as a direct result of such major disaster.

(b) The amount of the grant authorized under this section in the case of any farmer shall not exceed an amount determined by the Secretary to be equal to two-thirds of the total cost of preparing the damaged lands for cultivation and restoring them to normal productive capacity, and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

(c) The Secretary is authorized to impose such reasonable terms and conditions on the making such grants as he determines necessary to carry out effectively the purposes of this section.

(d) Such sums as may be necessary to carry out its provisions of this section are hereby authorized to be appropriated.

On page 20, line 8, after "Sec. 9.", to insert "(a)"; on page 21, line 8, after the word "disposal", to strike out "systems," and insert "systems, water systems,"; in line 12, after the word "service", to insert "which the Secretary determines to be"; at the beginning of line 15, to strike out "150 per centum of"; in the same line, after the word "the", to strike out "average"; after line 16, to insert:

(b) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

After line 21, to strike out:

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting immediately after section 15 of that Act the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR
DISASTER AREAS

"SEC. 16. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe;

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities; and

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds

available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged,

he may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which the Commissioner determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to this section."

(b) The Act of September 30, 1950, Public Law 874, Eighty-first Congress, as amended, is amended by inserting, immediately after section 303 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDI-
TURES IN MAJOR DISASTER AREAS

"SEC. 304. (a) If the Commissioner determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which has suffered a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe; and

"(a) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency,

he may provide to such agency the additional assistance necessary to provide free public education to the children attending the schools of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five-fiscal-year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determined to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

"(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

"(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

"(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and

not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States".

And, in lieu thereof, to insert:

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting, immediately after the last section of that Act, the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 16. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities;

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged; and

"(5) to the extent that the operation of private elementary and secondary schools in the school attendance area of the local educational agency has been disrupted or impaired by such disaster, such local educational agency has complied with the provisions of section 7(a) (3) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), with respect to provisions for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate,

the Commissioner may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act, and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend

from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b) (1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b) (1), shall apply with respect to this section."

SEC. 2. The Act of September 30, 1950, as amended, is amended by inserting, immediately after section 6 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS

"SEC. 7. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

"(2) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency, and

"(3) to the extent that the operation of private elementary and secondary schools in the school attendance area of such local educational agency has been disrupted or impaired by such disaster, such local educational agency has made provision for the conduct of educational programs under pub-

lic auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate: *Provided*, That nothing contained in this Act shall be construed to authorize the making of any payment under this Act of religious worship or instruction,

the Commissioner may provide to such agency the additional assistance necessary to provide free public education to the children attending the school of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five fiscal year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster, taking into account the additional costs reasonably necessary to carry out the provisions of subparagraph (3) of this section. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

"(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

"(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

"(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States."

On page 37, line 1, after "(42 U.S.C. 1855a(a))", to strike out "shall be" and insert "may be as much as"; in line 6,

after the word "appropriated", to insert "from the general fund"; in line 7, after the word "exceed", to insert "\$50,000,000"; in line 8, after the word "exceed", to insert "\$50,000,000"; after line 9, to strike out:

REIMBURSEMENT FOR NECESSARY EMERGENCY
FLOOD PROTECTION

SEC. 12. In the case of any individual, partnership, corporation, or other entity, which has requested proper local governmental authorities to provide protection against flooding in major disaster areas, and which has incurred emergency expenditures for the purpose of preventing damage from such flooding, and which expenditures were necessitated by the inability or failure of local governmental authorities to provide such protection, the Office of Emergency Planning is authorized, upon certification by proper local governmental authorities that such protection would have been provided except for contingencies caused by the emergency, to reimburse such individual, partnership, corporation, or other entity not to exceed 50 per centum of the total cost expended for such protection against flooding.

And, in lieu thereof, to insert:

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC
FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 12. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities; or

(2) under the United States Housing Act of 1937 for the provision of low-rent housing;

priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

On page 38, after line 13, to insert a new section, as follows:

AUTHORIZATIONS FOR PUBLIC WORKS EXPEND-
ITURES

SEC. 13. (a) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which has been damaged as the result of a major disaster, and which has been specifically authorized by Act of Congress, without regard to any other statutory limitation on the amount which may be appropriated in connection with such project.

(b) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any public highway, road, trail, street, or bridge determined by the Director of the Office of Emergency Planning to be damaged or destroyed as the result of a major disaster and which is not eligible for repair or reconstruction under section 125 of title 23 of the United States Code. The Federal share of the cost of any such repair, restoration, or reconstruction shall be determined by such Director and may be as much as 100 per centum of the cost thereof.

And, on page 39, after line 9, to insert a new section, as follows:

DUPLICATION OF BENEFITS

SEC. 14. The head of each department or agency of the Government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner

which will assure that no such person, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1965".

DEFINITIONS

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

(b) The Housing and Home Finance Administrator is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Housing and Home Finance Agency, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as defined in subsection 1855a(a) of title 42, United States Code. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

(C. In the administration of the disaster loan program under section 7(b) of the Small Business Act, any application for a loan thereunder in an amount of \$30,000 or

less in the case of a homeowner, or \$100,000 or less in the case of a business concern, may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the required financial assistance is otherwise available from private sources.

(e) In the administration of subtitle III of the Consolidated Farmers Home Administration Act of 1961, relating to emergency loans, any application for a loan thereunder in an amount of \$30,000 or less may be granted, if such loan is for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster, without regard to whether the Secretary of Agriculture finds that the required financial assistance can be met by private, cooperative, or other responsible sources (including loans the Secretary of Agriculture is authorized to make or insure under any other provision of law).

(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

GRANTS TO STATES FOR ASSISTANCE TO HOME-
OWNERS AND BUSINESSES

SEC. 4. (a) The President is authorized in accordance with the provisions of this section to provide assistance to the States in developing and carrying out comprehensive and practicable programs for assisting homeowners and business concerns suffering property losses as the result of a major disaster. For the purposes of this section, the term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

(b) From the sums appropriated pursuant to subsection (i) the President is authorized—

(1) to make grants to any State, upon application therefor, in an amount not to exceed 50 per centum of the cost of developing a program referred to in subsection (a): *Provided*, That the total grants made to any State under this paragraph shall not exceed \$250,000; and

(2) to make grants to any State, upon the basis of an approved State plan, to pay not to exceed 50 per centum of the cost of carrying out such a program.

(c) Any State desiring to participate in the grant program under paragraph (2) of the preceding subsection shall designate or create an agency which is specially qualified to administer such a disaster relief program, and shall, through such agency, submit a State plan which shall—

(1) set forth a comprehensive and detailed State program for assistance to homeowners and business concerns suffering property losses as a result of a major disaster;

(2) specify that the homeowner or business concern will assume 25 per centum of the property loss sustained by it as a result of such a disaster, and the State will agree to pay 25 per centum of such loss;

(3) provide that no homeowner or business concern shall be eligible to participate in such a State program unless the damage to the property of such owner or concern resulting from such a disaster exceeds 5 per centum of the value of such property prior to such a disaster, or \$100, whichever is the greater;

(4) specify that the maximum amount of loss to be shared jointly by the homeowner or business concern, the State, and the Federal Government under such a program shall be \$30,000 in the case of a homeowner, and \$100,000 in the case of a business concern;

(5) provide a means of appraisal to establish the fair market value of the property of such owner or concern damaged or destroyed as a result of such a disaster;

(6) provide assurances that equitable treatment will be accorded all eligible property owners;

(7) contain satisfactory evidence that the State will adequately supervise such program;

(8) provide such fiscal control and fund accounting procedures as the President deems necessary; and

(9) set forth such further information as the President may by regulation require.

(d) The President shall approve any State plan which complies with the provisions of subsection (c) of this section.

(e) No grant may be made under this section—

(1) for any loss for which private insurance is available and collectible in such State at reasonable rates;

(2) for any loss in a State which does not have approved flood-plain zoning controls or other similar preventive measures in force; and

(3) to any public agency or organization for the loss of any property owned by such agency or organization.

(f) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(g) Each State receiving assistance under this section shall, through its designated State agency, make such reports as the President may require, and each such agency shall, upon request of the President, make available its books and records for audit and examination.

(h) The President may exercise the powers conferred upon him by this section either directly or through such Federal agency as he may designate.

(i) Such sums as may be necessary to carry out the purposes of this section are hereby authorized to be appropriated.

SHELTER FOR DISASTER VICTIMS

SEC. 5. (a) The President is authorized to provide dwelling accommodations for any individual or family whenever he determines—

(1) that such individual or family occupied a house (as an owner or tenant) which was destroyed, of damaged to such an extent that it is uninhabitable, as the result of a major disaster; and

(2) that such action is necessary to avoid severe hardship on the part of such individual family; and

(3) that such owner or tenant cannot otherwise provide suitable dwelling accommodations for himself and/or his family.

(b) Such dwelling accommodations, including mobile homes, as may be necessary to meet the need, shall be provided through acquisition, acquisition and rehabilitation, or lease. Dwelling accommodations in such housing shall be made available to any such individual or family for such period as may be necessary to enable the individual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance. Rentals shall be established for such accommodations, under such rules and regulations as the President may prescribe and shall take into consideration the financial ability of the occupant. In cases of financial hardship, rentals may be compromised or adjusted for a period not to exceed twelve months, but in no case shall any such individual or family be required to incur a monthly housing expense (including any fixed expense related to the amortization of debt owing on a house destroyed or damaged in a disaster) which is in excess of 25 per centum of the individual's or family's monthly income.

(c) In the performance of, and with respect to, the powers and duties conferred upon him by this section, the President may—

(1) prescribe such rules and regulations as he deems necessary to carry out the purposes of this section;

(2) exercise such powers and duties either directly or through such Federal agency or agencies as he may designate;

(3) sell or exchange at public or private sale, or lease, any real property acquired or constructed under this section;

(4) obtain insurance against loss in connection with any such real property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any such real property; and

(6) include in any contract or instrument made pursuant to this section, such conditions and provisions as he deems necessary to assure that the purposes of this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER LOANS

SEC. 6. Section 221 of the National Housing Act is amended by striking out "or as a result of governmental action", in subsections (a), (d) (2), (d) (3), (d) (6), and (f), and inserting in lieu thereof "as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)".

ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

SEC. 7. (a) The Secretary of Agriculture is authorized to make grants to farmers whose farmlands or livestock have been damaged as the result of a major disaster. Such grants shall be made (1) for the purpose of assisting such farmers to prepare such lands for cultivation and to restore such lands or livestock to normal productive capacity, and (2) only in the case of lands on the farm normally used in the production of an agricultural crop. No grant shall be made hereunder to assist in restoring lands or livestock to production unless the Secretary determines that the cost of preparing such lands for production has been increased as a direct result of such major disaster.

(b) The amount of the grant authorized under this section in the case of any farmer shall not exceed an amount determined by the Secretary to be equal to two-thirds of the total cost of preparing the damaged lands for cultivation and restoring them to normal productive capacity, and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

(c) The Secretary is authorized to impose such reasonable terms and conditions on the making of such grants as he determines necessary to carry out effectively the purposes of this section.

(d) Such sums as necessary to carry out its provisions of this section are hereby authorized to be appropriated.

DISASTER WARNINGS

SEC. 8. (a) The Secretary of Defense is authorized to utilize the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a).

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 9. (a) The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30,

1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and by adding the following: "and includes any rural community or unincorporated town or village with respect to which the head of the Federal agency concerned determines that (1) there is a need for assistance under this Act, (2) the furnishing of such assistance is feasible, and (3) it will be effectively utilized".

Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926) is amended by adding the following new subsection (c): "In areas which have suffered major disasters the Secretary is authorized without regard to the limitations of subsection (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems, water systems, and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed the cost for such services in comparable communities in the State.

(b) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN DISASTER AREAS

SEC. 10. (a) The Act of September 23, 1950, Public Law 815, Eighty-first Congress, as amended (20 U.S.C. 631-645), is amended by inserting, immediately after the last section of that Act, the following new section:

"SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 16. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a (a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

"(2) public elementary or secondary school facilities of such agency have been destroyed or seriously damaged as a result of this major disaster;

"(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the replacement or restoration of such school facilities;

"(4) such agency does not have sufficient funds available to it from State, local, and other Federal sources (including funds available under other provisions of this Act), and from the proceeds of insurance on such school facilities, to provide the minimum school facilities needed for the restoration or replacement of the school facilities so destroyed or seriously damaged; and

"(5) to the extent that the operation of private elementary and secondary schools in the school attendance area of the local educational agency has been disrupted or impaired by such disaster, such local educational agency has complied with the provisions of section 7(a)(3) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), with respect to provisions for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate,

the Commissioner may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available from State, local, and other Federal sources (including funds available under other provisions of this Act, and from the proceeds of insurance, may not exceed the cost of construction incident to the restoration or replacement of the school facilities destroyed or damaged as a result of the disaster.

"(b) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(c) No payment may be made to any local educational agency under subsection (a) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

"(d) Amounts paid by the Commissioner to local educational agencies under subsection (a) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(e) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to this section."

SEC. 2. The Act of September 30, 1950, as amended, is amended by inserting, immediately after section 6 of that Act, the following new section:

"ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN MAJOR DISASTER AREAS"

"SEC. 7. (a) If the Director of the Office of Emergency Planning determines with respect to any local educational agency that—

"(1) (A) such agency is located in whole or in part within an area which, after the date of enactment of this section and prior to July 1, 1967, has suffered a major disaster as a result of any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe which, in the determination of the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855(a)), is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government, and

"(B) the Governor of the State in which such agency is located has certified the need for disaster assistance under this section, and has given assurance of expenditure of a reasonable amount of the funds of the government of such State, or of any political subdivision thereof, for the same or similar purposes with respect to such catastrophe, and if the Commissioner determines with respect to such local educational agency that—

"(2) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance, but as a result of such major disaster it is unable to secure sufficient funds to meet the cost of providing free public education for the children attending the schools of such agency, and

"(3) to the extent that the operation of private elementary and secondary schools in the school attendance area of such local educational agency has been disrupted or impaired by such disaster, such local educational agency has made provision for the conduct of educational programs under public auspices and administration in which children enrolled in such private elementary and secondary schools may attend and participate; *Provided*, That nothing contained in this Act shall be construed to authorize the making of any payment under this Act for religious worship or instruction,

the Commissioner may provide to such agency the additional assistance necessary to provide free public education to the children attending the school of such agency, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest. Such additional assistance may be provided for a period not greater than a five fiscal year period beginning with the fiscal year in which the President has determined that such area suffered a major disaster. The amount so provided for any fiscal year shall not exceed the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the schools of such agency during the last full fiscal year prior to the occurrence of such major disaster, taking into account the additional costs reasonably necessary to carry out the provisions of subparagraph (3) of this section. The amount, if any, so provided for the second, third, and fourth fiscal years following the fiscal year in which the President determined that such area has suffered a major disaster shall not exceed 75 per centum, 50 per centum, and 25 per centum, respectively, of the amount so provided for the first fiscal year following such determination.

"(b) In addition to and apart from the funds provided under subsection (a), the Commissioner is authorized to provide to such agency an amount which he determines to be necessary to replace instructional and maintenance supplies, equipment, and materials (including textbooks) destroyed or seriously damaged as a result of such major

disaster, and to lease or otherwise provide (other than by acquisition of land or erection of facilities) school and cafeteria facilities needed to replace temporarily such facilities which have been made unavailable as a result of the major disaster.

"(c) There is hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section. Pending such appropriation, the Commissioner may expend from any funds heretofore or hereafter appropriated for expenditure in accordance with other sections of this Act, such sums as may be necessary for immediately providing assistance under this section, such appropriations to be reimbursed from the appropriations authorized by this subsection when made.

"(d) No payment may be made to any local educational agency under this section except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

"(e) Amounts paid by the Commissioner to local educational agencies under this section may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States."

HIGHWAY ASSISTANCE IN DISASTER AREAS

SEC. 11. (a) Section 120(f) of title 23 of the United States Code, relating to the Federal share in emergency highway relief, is amended by inserting before the period at the end of the first sentence a colon and the following: "And provided further, That the Federal share payable on account of any repair or reconstruction of any Federal-aid highway necessitated by a major disaster, as determined by the President pursuant to section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), may be as much as 100 per centum of the cost thereof".

(b) Section 125 of title 23 of the United States Code, relating to emergency highway relief, is amended by striking out the second sentence and inserting in lieu thereof "There is authorized to be appropriated from the General Fund not to exceed \$50,000,000 for the fiscal year ending June 30, 1965, and not to exceed \$50,000,000 for each fiscal year thereafter for the purposes of such fund".

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 12. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities; or

(2) under the United States Housing Act of 1937 for the provision of low-rent housing; priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

SEC. 13. (a) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which has been damaged as the result of a major disaster, and which has been specifically authorized by Act of Con-

gress, without regard to any other statutory limitation on the amount which may be appropriated in connection with such project.

(b) There is hereby authorized to be appropriated such sums as may be necessary to repair, restore, or reconstruct any public highway, road, trail, street, or bridge determined by the Director of the Office of Emergency Planning to be damaged or destroyed as the result of a major disaster and which is not eligible for repair or reconstruction under section 125 of title 23 of the United States Code. The Federal share of the cost of any such repair, restoration, or reconstruction shall be determined by such Director and may be as much as 100 per centum of the cost thereof.

DUPLICATION OF BENEFITS

SEC. 14. The head of each department or agency of the Government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner which will assure that no such person, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the Report No. 459, explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 1861, as amended, is to—

1. Provide Federal loan adjustments where an extreme financial hardship would result to the individual, partnership, corporation, or others without such relief.
2. Provide for a program which would allow for grants to States for assistance to homeowners and businesses.
3. Provide emergency shelter for disaster victims.
4. Provide Federal Housing Administration-insured disaster loans.
5. Provide grants to farmers in major disaster areas to restore production.
6. Make available the civil defense communications system for use in warning of impending natural disasters.
7. Provide assistance to unincorporated communities.
8. Provide for school construction assistance in major disaster areas.
9. Make available assistance for current school expenditures in major disaster areas.
10. Provide for highway assistance in disaster areas.
11. Provide priority for applications for public facility and public housing assistance.
12. Provide authorization for public works expenditures for the repair, restoration, or reconstruction of such facilities.
13. Provide that no duplication of benefits can be received with respect to any part of such a loss suffered.

THE NEED FOR A DISASTER RELIEF ACT

Under current legislative status, whenever a major natural disaster strikes it is necessary for the Congress to pass special legislation to provide the needed relief to the stricken area. Such action takes considerable time at a time when relief is needed immediately. This bill will provide the necessary standby authority which will be automatically engaged when the President so designates an area as a "major disaster area."

During the past 6 years three disaster bills have been required to provide relief for the major disasters experienced during

this period. However, during this spring alone three major disasters have struck various sections of the country, which would have resulted in three separate relief bills had not S. 1861 been introduced and under serious consideration.

Because such major disasters are completely unexpected and in most cases strike an area totally unprepared or capable of recovery without outside assistance, provisions must be made to have assistance readily available for immediate relief. Alaska, in 1964 for example, suffered earthquake damage to 2,398 properties, totaling \$62,808,000. The Pacific Northwest, later in 1964, also suffered extensive flood damage, estimated at \$461,500,000. In both these instances, separate relief legislation was required before the victims could receive much-needed aid.

As stated earlier, in every case these individual bills include most of the same provisions for relief which are to be found in S. 1861. During the hearings on S. 1861 the enormity of the damage caused by the major disasters this past spring was dramatically brought home to the committee.

In Minnesota, for example, Governor Rolvaag testified that disasters in 1964 and 1965 have caused an estimated \$243 million in damage. Tornadoes alone in less than 3 hours killed 14 people, injured 650 seriously enough to be hospitalized, and destroyed 1,200 homes, while causing an estimated \$34.5 million in damage. These figures alone are staggering enough, but become even more shocking where they were preceded by floods which did \$96.5 million of damage in 65 of Minnesota's 87 counties. Such damage cannot be borne alone by the areas which have suffered, but must be spread over the entire country if the area is to survive and rebuild itself. Minnesota is not unique in its suffering; Indiana and Michigan are now only emerging from the shock and extreme damage recently suffered as a result of tornadoes. In 1 small area of Indiana, 60 people suffered tornado damages amounting to over \$1 million, almost half of which was a total loss, as no assistance was available to cover it. In 1 day, 138 were killed, another 1,369 injured, 1,251 homes were destroyed, 1,055 farm buildings destroyed, and another 3,875 families suffered losses less than total. Damage in Wisconsin due to tornadoes and flooding is estimated to exceed \$15 million, with over three-fourths of it ineligible for aid under existing relief programs.

In Colorado, during the June floods, 125,000 people had to be evacuated from their homes, 17 bridges and grade separations on the Interstate System were destroyed, and damage is estimated to exceed \$102 million.

These examples are by no means exhaustive, but are only cited as indications of the kinds and magnitude of the destruction which is visited upon relatively small areas.

As mentioned earlier, the speed with which these disasters strike and the tremendous damage they inflict indicates the vital necessity for providing the means for creating fully operational and completely prepared disaster relief programs under the several States, in cooperation with the Federal Government. With this purpose in mind the Public Works Committee has worked to further develop S. 1861 as a complete vehicle to provide the means for prompt and efficient assistance to disaster victims.

GENERAL STATEMENT

S. 1861, the Disaster Relief Act of 1965, was referred to the Committee on Public Works, by unanimous consent of the Senate. The committee recognizes that some of the contents of this bill encompass jurisdiction of other committees. However, the committee has limited itself to consideration of the effects of natural disasters and means of al-

leviating hardship to individuals and communities as a result of those disasters.

In considering this bill, the committee held 2 days of public hearings and received testimony from 30 witnesses, and was most concerned by the facts brought out during these hearings. Of particular concern to the committee were the apparent gaps in the assistance to disaster victims and the inability of disaster-struck areas to recover without substantial outside assistance.

Another area of concern was the critical timelag which exists from the time a disaster occurs until the time when major outside assistance becomes available to the victims. This, coupled with the almost universal lack of a coordinated disaster relief program, pinpointed the widespread need for such a standby program.

Toward this end, the committee reviewed the various individual disaster relief acts which had been previously enacted and, as a result, was able to develop a general pattern or framework which these bills followed. These basic items, plus other needs which were brought out in the public hearings and in discussions with the victims. Federal, State, and local officials, and others were incorporated into an all-inclusive Disaster Relief Act.

COMMITTEE VIEWS

The committee hopes that passage of S. 1861 will remove the necessity for special authorizations following natural disasters as has been the custom. In so doing, the Congress will still have an opportunity to review the costs of such assistance without delaying badly needed aid.

Since essentially the same provisions are put into all the disaster relief acts it seems sensible to have a national policy. The policy which the committee deems best is one where there is a Federal-State partnership. Thus the committee has included a section which enables the establishment of a Federal-State plan to meet disaster needs.

Creation of such a plan by a State should further shorten time between the disaster occurrence and the beginning of assistance to those stricken.

The committee does not feel that individuals and businesses in States which fail to avail themselves of Federal-State planning should be penalized as a result but the executive branch should necessarily take cognizance of the measure of the assistance necessary when no State plan exists.

A major desire of the committee is that relief should be rapid and toward this end it emphasizes that applications for disaster loans should not be delayed while the applicant proves that non-Government money was not available.

The provisions of this bill also were designed to provide equal treatment as near as possible to homeowners, farmers, and businessmen; to cities, villages, and rural areas.

However, the agencies administering this act will have to exercise sound judgment since a great deal of discretion is available insofar as the size of this program is concerned.

The committee feels that the best guideline is that no individual or community should be worse off but that the provisions are not intended to provide windfall benefits or accomplish what is denied under other legislation.

COMPARISON WITH PREVIOUS DISASTER RELIEF

Following each previous major national disaster separate bills were needed to provide the necessary relief for the disaster areas. All previous legislation enacted contained in each individual bill the following provisions:

- (a) Federal loan adjustment assistance;
- (b) Grants for assistance to homeowners and businesses;

(c) Assistance for public facilities destroyed or damaged;

(d) Assistance to restore or rebuild Federal-aid highways destroyed or damaged; and

(e) Assistance to repair or restore primary and secondary educational facilities.

Depending on the type of natural disaster, additional assistance has been granted by Congress, such as—

(a) Shelter for disaster victims, and

(b) Assistance to farmers.

Enactment of S. 1861 allows the President this same authority on a permanent basis, to be exercised only following a major disaster, providing the area is designated a major disaster area by the President.

Certain other assistance has never been available under previous legislation, but will be provided for under S. 1861. This assistance is as follows:

(a) Assistance to unincorporated areas, and

(b) Assistance for the repair and reconstruction of roads, streets, and bridges under a nonfederally aided category.

Previous legislation has provided for assistance to unincorporated urban areas and federally aided roads; thus, the above new provisions extend similar aid to previously uncovered areas.

MONETARY AUTHORIZATION

This act provides for no specific dollar authorization, except that in section 11(b), where it authorizes funds to be appropriated not to exceed \$50 million each fiscal year from the general fund for the repair, restoration, or reconstruction of Federal-aid highways.

The amount of funds ultimately needed under the other nine sections can only be determined by the disaster inflicted and the degree the executive branch feels should be included in a rehabilitation program.

The authorization is:

Sec.	Purpose	Funds required
3	Federal loan adjustments.....	Authorizes such funds as may be required for each disaster.
4	Grants to States.....	Up to a maximum of \$250,000 per State for 50 percent of the planning requirements.
	Program.....	Authorizes such funds as may be required for each disaster but limits Federal portion to 50 percent of total.
5	Shelter for disaster victims.....	Authorizes such funds as may be required for each disaster.
6	Insured disaster loans.....	Do.
7	Grant assistance to farmers.....	Authorizes such funds as may be required for each disaster, with a maximum of \$10,000 per victim.
8	Disaster warnings.....	Authorizes such funds as may be required for each disaster.
9	Assistance to unincorporated communities.....	Authorizes such funds as may be required for each disaster. Individual grants up to 50 percent of the cost involved.
10	School assistance.....	Authorizes such funds as may be required for each disaster.
	Replacement and repair of facilities.....	Office of Education estimates \$750,000 per year.
	Assistance for current operating expenses.....	Estimates are for an annual cost of \$750,000.
11	Highway assistance.....	\$50,000,000 maximum annually from the general fund.
12	Priority to disaster area applicants for public facility and public housing applications.	No additional funds required.
13	Authorization for public works expenditures.....	Authorizes such funds as may be required for each disaster.
14	Duplication of benefits.....	No funds required.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments are considered and agreed to en bloc.

Mr. BAYH. Mr. President, it is my privilege today to present to the Senate S. 1861, the proposed Federal Disaster Relief Act of 1965, for myself and more than 40 of my colleagues.

In the past year and a half, Mr. President, hundreds of thousands of Americans have been victims of an incredible series of natural disasters.

From January 1, 1964, until July 1, 1965, 41 disasters have been declared by the President of the United States. Sixteen have been declared this year alone. This Government has allocated nearly \$84.7 million in disaster assistance to these areas during this period.

The unusual concentration of disasters—one seemingly coming on the heels of the last—may be seen when we realize that 36 declarations of disaster are currently active.

Actually, all these disasters have occurred within the short span of 16 months—beginning with severe storms and flooding in my own State of Indiana and the neighboring State of Kentucky, which were declared disaster areas on March 17, 1964, through July 1 when similar problems resulted in a disaster declaration for the State of New Mexico.

And, although some States, like my own, have been unfortunately and tragically struck by more than one disaster within this 16-month period, the devastation from earthquakes, tornados, floods, hurricanes, and other natural phenomena has been unbelievably widespread.

Mr. President, from Vermont to California, from Florida to Washington, no fewer than 32 States—32, Mr. President—have been stricken by disasters of one kind or another to the extent that the President of the United States designated them as disaster areas. I might add that in addition to the disasters declared in the several States, the President also declared disasters in Puerto Rico, the Virgin Island, and in the trust territories.

Mr. President, I can give facts and figures. I can tell you about the millions upon millions of dollars in damages throughout the Nation to public and private property. I can tell you about the death and suffering. In Indiana alone, 139 men, women and children perished as a result of the tornados. Nearly 1,400 others were injured. Some 4,000 homes and buildings were destroyed or severely damaged. And these figures can be multiplied over and over when we remember the devastation of earthquakes in Alaska and Washington; when we recall the torrential floods in the Ohio Valley, the Pacific Northwest and the

Middle West; when we remember the tidal waves sweeping over California; when we consider the hurricanes battering Louisiana, Georgia and Florida; when we know that even today, flood waters stand rooftop deep in some areas of Missouri that have not yet been declared officially as disaster areas by the President.

But these are merely figures, Mr. President, and they do not capture the pathos, the suffering, the emptiness that comes to the hearts and souls of human beings caught in a major disaster.

Two Indianapolis reporters, Mr. Boyd Gill and Mr. Don Wallis, Jr. of United Press International, did capture the shocking human tragedy of the Midwestern tornadoes in a remarkable series of articles carried by many newspapers in the Middle West. I would like to quote briefly from one of these articles:

For a little girl 8 years old and going on 9, the coming of Spring is a marvelous thing. The winter had been a good one for Rose Ann Sweet of Wabash, Ind. She loves to practice ballet and she likes to read and that's what she did in the winter. But in the spring she could go outside and play, and what's more she was going to be 9 years old on Easter Sunday.

(She) got ready to visit her grandmother in Greentown. It was Palm Sunday, and after spending a week with her grandmother the two of them would return (from Greentown) to Wabash for (Rose Ann's) birthday celebration.

Her grandmother, Mrs. Omma Ellen Sweet, 63, drove over to Wabash from Greentown early that Sunday morning * * * Toward evening, Rose Ann and her grandmother started out for Greentown * * * They never made it * * * Rose Ann later recalled it as a sort of fairy tale * * * like the story of the Wizard of Oz "when Dorothy's house was picked up and carried to a far distant land." What actually happened was all too real.

"The tornado, moving due east from Kokomo, caught up with Rose Ann and her grandmother just before they reached Greentown * * * The winds picked up the car and carried it about 500 feet into a farm field. Rose Ann can recall it well * * * "I remember the car turning around and around," (she said). "The next thing I remember was when I woke up out in the field. I was covered with mud and so was Grandma. I got up and went to Grandma. We could hear people calling for help * * * Grandma wanted me to stay with her."

Rose Ann's grandmother died the next morning * * * Mrs. Sweet was the oldest person to die at Greentown when the killer tornado struck.

Mr. President, this small slice of life—and death—was the rule and not the exception. There are other stories of people losing their homes, their belongings, everything in these terrible storms. The story can be told over and over in most of our 50 States from floods and earthquakes and other forms of natural disaster.

I request unanimous consent that several samples of the series of articles by Mr. Boyd Gill and Mr. Don Wallis Jr. be included in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BAYH. Mr. President, I already have indicated what all of us know—

that we have some Federal provisions for disaster aid and these, by and large, have been administered fairly and, as far as they go, have proved helpful.

I submit, Mr. President, that existing provisions do not go far enough in available assistance to communities and individuals to meet the needs—the pressing needs—imposed upon people, cities and States through no fault of their own.

It took special acts of Congress to provide reasonably adequate assistance to Alaska after its terrible earthquake, and to the Northwest States which were struck by floods.

The simple fact that we have to resort to special, sectional acts of Congress to provide relief for some disaster areas is indication enough that present provisions are inadequate.

This approach not only consumes the time of Congress and not only prolongs the delay in granting desperately needed financial assistance, but it also results in a hodgepodge approach to the problems created by disasters and the relief of those problems.

To rectify these shortcomings, a group of Senators joined to reach a general consensus on how to extend and modernize our existing disaster laws. We painstakingly consulted each and every governmental agency involved for their thoughts and their recommendations.

We had emphasized when the bill—S. 1861—was first introduced on April 30, and we reiterated at the committee hearings which began on June 21 that we were wed to no specific language. The agencies were not only cooperative but made a number of suggestions which we incorporated into the bill as additions or substitutes because they seemed to us to be better means to accomplish the same ends.

To demonstrate the existing shortcomings in present disaster relief provisions—and to illustrate the disappointment and disillusionment that results among the victims of a disaster, I would like at this point to ask unanimous consent to include in the RECORD an article that appeared in the July 12 issue of the Indianapolis News written by Mr. Pat Redmond.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Indianapolis News, July 12]

TORNADO VICTIMS SAY AID IS LONG IN COMING
(By Pat Redmond)

Dissatisfaction and disillusionment linger in the minds of many victims of Palm Sunday tornadoes in Indiana.

They say they have received little help in rebuilding their shattered homes, despite promises of financial aid from Government agencies and from the Red Cross.

Today in Washington, Senator BIRCH BAYH, Democrat of Indiana, told the Senate Public Works Committee an Indiana State police survey of 60 storm victims in Indiana showed they lost \$1,308,696 in real estate and personal property. They received \$811,468 in insurance reimbursement; \$763 in Red Cross rehabilitation grants and \$575 from local donations, the police sampling showed.

Of the 60 Hoosiers interviewed, only 6 were fully covered for both real estate and personal property losses.

Bayh, who emphasized he was not being critical of any agency, said he wants Federal

regulations revised to broaden the Government's aid program to victims of disasters.

To qualify for low-interest loans from the Small Business Administration, storm victims must first be turned down by local lending agencies.

"In other words, you have to be a bum," said one farmer in the Russiaville area. "You have to have no credit rating or reputation for paying your bills, it seems to me.

"It is funny that the Government can send all of that money overseas, and not be able to help people here."

At Kokomo, officials and workers in the Howard County chapter of the Red Cross have been tracking down rumors of Red Cross inequities. Stories that the Red Cross has been charging storm victims for food and clothing and has been only loaning money for rehabilitation are baseless, chapter officials say.

Yet, the stories persist. At Russiaville, which was nearly leveled by the April 11 storm, one resident said tersely:

"The Red Cross? That is getting to be a dirty word here."

At Greentown, where 106 homes were demolished, a plan commission member announced angrily:

"We are taking a survey of homeowners here to see if they have received help from the Red Cross or the SBA in rebuilding their homes. My guess is that we are going to come up with some big fat zeroes."

At Dunlap in Elkhart County, where the storm chewed through a collection of modest homes, killing 29 persons, an official of a religious group which is donating labor to rebuild the homes said with a sigh:

"I wish the Red Cross could have done more."

At last count, \$468,837 had been collected and turned over to Indiana chapters of the Red Cross to aid the storm victims. A tally last month showed that \$327,476 had been distributed in the form of food and clothing, building repairs or replacements, household furnishings, medical aid, and occupational tool replacements.

The oversubscription has created a fund at the Red Cross national headquarters to be used in future disasters in Indiana.

To date, 523 families in Indiana have received some form of rehabilitation aid, according to Virgil Sheppard, chairman of the Indianapolis Area Red Cross office. He said 545 to 550 persons had applied for help.

Those who didn't receive aid either were ruled ineligible by a Red Cross reviewing board or were sent to other agencies for help, he said.

The Red Cross also has spent—at last count—\$32,363 across the State for feeding 45,630 victims and volunteer workers in the disaster areas.

Sheppard said he and his fellow chapter workers were amazed that so few requests for rehabilitation had been received. He said State and national officials reasoned that a high rate of insurance coverage kept loss figures down.

Red Cross officials around the State believe that most of the reports of discontent have stemmed from a misunderstanding of what the Red Cross can and can't do.

Some storm victims balked at revealing their finances, as is required by the Red Cross before rehabilitation aid is given. Many couldn't understand why their losses were not entirely replaced through Red Cross aid.

Rehabilitation aid is given to storm victims on the basis of need, not necessarily the amount of loss they sustained.

Families which have diligently maintained good credit ratings, have accumulated savings and have the ability to recoup their losses do not get the consideration that families with less substantial backgrounds get from the Red Cross.

In smaller communities, where everyone knows everyone's background, such decisions are hard for storm victims to understand.

Mr. BAYH. Mr. President, I wish to emphasize that the sponsors of this bill and the members of the Senate Committee on Public Works were guided by certain objectives and self-imposed limitations in drafting the bill now before this body.

For one thing, we took care not to discourage in any way sound business practices or private charity. We took care not to impose the Government into the insurance business nor to discourage individual incentive. We were vitally interested, however, in getting Government involved in matters which, because of their magnitude, cannot be coped with by individuals alone. We were vitally interested that the National Government face up to its responsibilities in matters where city and State governments need a helping hand.

And that is what this bill does—extend a helping hand to people and to their local and State governments only where they were unable to help themselves. For example, S. 1861 provides a mechanism for Federal and State grants to homeowners and business people to replace property destroyed in a declared disaster area. I will discuss this and other provisions more fully in just a moment. But the point I wish to make here is that these grants would be available only where private insurance was unavailable or uncollectible in the States involved for the type of disaster which occurs.

The bulk of this proposal, Mr. President, involves revision of Government loan programs in time of disaster, as I will discuss shortly. In this type of assistance, all we are seeking is to make it easier for disaster victims to secure Government loans and take advantage of more reasonable terms. It is an awful spectacle to see men and women who have just lost everything they own turned away by Government agencies when they seek loans so they can lift themselves by their bootstraps and reestablish themselves as contributing citizens. They are not turned away because they are credit risks, but because loans may be available elsewhere—in some cases at interest rates up to 8 percent.

We are seeking only to help people who were not able to protect themselves through insurance at reasonable rates. We are seeking only to help people get back on their feet by giving them easy-to-get loans at reasonable terms—all of which they must repay with interest.

Indeed, it would seem ironic if the Congress would not see fit to provide such assistance for disaster-stricken citizens of the United States. In the past decade, the United States has extended disaster assistance to dozens of foreign nations in the amount of nearly \$800 million. When portions of Chile were devastated by an earthquake, we gave Chile an outright grant of \$20 million. In addition, we gave them a loan of \$100 million on which we suspended repayment of principal for 10 years. We set

the interest rate at three-fourths of 1 percent.

We are a Nation of compassionate men and women and our expenditures of billions of dollars in foreign aid to keep our neighbors around the world economically and militarily sound bears testimony to that. Surely, it is not too much to ask that we spend an amount of money, infinitesimal compared to foreign aid, on our own people at a time when they are desperately in need of a helping hand.

Surely, it is not unreasonable to suggest that logic, compassion, and necessity demand that we provide more adequate assistance to Americans—hard-working, wage-earning Americans—who, suddenly, through no fault of their own, find themselves without a home, without possessions, and heavily in debt.

Briefly referring to the general subjects covered in the bill, let me summarize quickly.

The bill gives additional authority to the Rural Electrification Administration, the Housing and Home Finance Agency, and the Veterans' Administration to provide relief to individuals, groups, or businesses having direct loans with these agencies and having suffered losses to these mortgaged properties in a major natural disaster. The relief is in the form of refinancing, adjustment or readjustment of principal and interest payment schedules, and the extension of maturity dates where an impairment of the economic feasibility of the loan, or an extreme financial hardship would result without such relief.

We recognized that the Small Business Administration and the Farmers Home Administration has the necessary authority to grant the needed assistance to disaster victims; however, to expedite matters a section has been included in the bill to waive the requirement that the victims first have to try to get private financing before applying for assistance to these agencies.

A new section 4 has been written into the bill to provide grants to States for assistance to homeowners and businesses.

It provides assistance to States in developing and carrying out comprehensive and practicable programs to assist homeowners and business concerns suffering property losses as a result of a major disaster.

Funds are provided to the States to develop and carry out a disaster plan on a standby basis to become operational should a major disaster strike. Assistance under this program is 50 percent Federal, 25 percent State, with the individual or business concern absorbing 25 percent of losses suffered.

A provision is included to provide housing for disaster victims who are without adequate accommodations as a result of a disaster.

Assistance is also provided disaster victims in moderate income groups by making them eligible for the same assistance available to moderate income and displaced families under urban renewal.

Grants are provided to farmers to repair and restore their fields, herds, fences, or crops damaged or destroyed by the disaster, with a maximum grant of

\$10,000. The farmer must absorb the first 25 percent of any such disaster loss.

Authorization is provided to make the civil defense communications system available for use as a warning system for impending natural disasters.

Assistance which in the past has been limited to incorporated areas for the repair, restoration, or reconstruction of public facilities will be extended to include rural unincorporated areas.

Provision is made for additional relief where schools have been damaged or destroyed, including a provision to enable private school students to attend classes in public institutions until such time as their own facilities are back in operation. This aid is in the form of additional payments.

Federally aided roads are provided relief up to 100 percent, based on criteria to be developed by the Federal highway administrator.

Public housing and public facility loan applications from disaster areas are provided priority treatment under the act.

Authorization is made to provide funds to repair, restore or reconstruct public works authorized by act of Congress and it further provides up to 100 percent grants for the repair, restoration or reconstruction of public roads or bridges not eligible for aid under section 125 of title 23, United States Code. The basis for the percentage of assistance will be the criteria developed by the Director of the Office of Emergency Planning.

The final section prohibits any duplication of benefits to victims of a disaster.

Our people look to us in time of disaster for adequate assistance. Unfortunately, they do not receive it. Our job is to see that they do from now on.

For, as in so many of our national programs, we are not suggesting a handout. We are suggesting that we help people to bounce back onto their feet after being knocked down by the unpredictable forces of nature. We are suggesting that we provide means to help people so they may be in a position to help themselves.

This, Mr. President, is in the best tradition of our Nation, of its people, and of this Congress.

EXHIBIT 1

DIARY OF A DISASTER

(By Boyd Gill and Don Wallis, Jr.)

CHAPTER V. KOONTZ LAKE

The series of tornadoes that swept across Indiana started in Lake County. But the brutal path of violent death did not begin until the belt of storms reached the small resort town of Koontz Lake, about 25 miles south-southwest of South Bend.

Before it reached Koontz Lake, the storm was destructive and already a disaster for many Hoosiers. But at and near Koontz Lake the tornado became a killer, claiming 3 of its eventual 139 victims and injuring about 30 more.

There, the winds wrecked a charming summer resort area. People were attracted to Koontz Lake by the pretty little lake, good for swimming and boating and water skiing, and by the thick, green groves of oak trees that lined its shores.

The oak trees are gone, blown away, many of them into the lake. For weeks after the storm hit, the lake was so full of debris it was closed to all boating, swimming, and water skiing. Some said it would never be as attractive as it once was.

Farther ahead in the storm's path lay Lapaz and Dunlap and another resort, Rain-bow Lake, and there the winds would cause greater damage and kill more people. But for Koontz Lake, the devastation was great enough.

It was about 5:45 when the tornado touched down at the lakeside village. Mrs. Velda Singleton had just served supper to nine relatives in her home on the town's west edge. Then, she recalls, she heard a "terrible rumbling noise."

She sent her son, Lawrence, outdoors to look. What he saw was frightening. A funnel cloud, twisting and whirling and extending from the ground high into the sky was heading for the house.

Larry dashed back into the house and shouted a warning. But by that time it was simply too late for everyone to take cover in the basement.

"I told everybody to get in the living room and sit down," Mrs. Singleton said. "We sat around in a circle and held on to one another and began praying."

As the tornado came closer and the rumbling noise became a violent scream, Mrs. Singleton screamed, too. "My God. My God. It's going to hit us," she shrieked.

As they sat praying, the winds swept the roof away, hurled the walls in all directions and splintered the furnishings. All the occupants were hurt, but none were killed.

Across the lake, Ray Trinosky, 63, and his wife, Gertrude, had just returned from Florida for the warm weather season in Indiana. They were in their lakeshore home when Trinosky heard the tornado sweeping across the water.

"It sounded like one of those big four-engined airplanes," he said. "And it sounded like it was in trouble."

Trinosky was the one who was in trouble. He stepped out the kitchen door and saw a huge brownish cloud coming across the bay.

"There was a whole side of a house swinging around in it and I shouted for my wife to run," he said. Mrs. Trinosky ran to the basement. Her husband followed. He found her standing by a work bench. Both fell flat to the floor.

At that moment, a basement window gave way, showering them with glass. Trinosky was cut on the hand and his wife was hit on the leg by collapsing masonry.

"There was a howling like I've never heard before," Trinosky said. "The air was full of debris. I could feel the pressure and when I looked up, we didn't have anything."

By the time the tornado had done its damage, there was a consistent path of destruction around the lake's south shore and up its east end. The damage totaled a million dollars, and many homes were blown into the lake. About 100 houses were destroyed.

But the winds passed over, finally, leaving dead three Walkerton area persons, Everett James, 50; Mrs. Tillie Bayorinan, 71; and Finley Patterson, 73. Thirty others had painful injuries.

The tornado could be seen for many miles around, and Robert Halt watched fascinated on his farm 2 miles west of Lapaz and about 7 miles past Koontz Lake. As it came closer, he could see it in greater detail.

"I watched four giant waves, upside down," Halt recalled. "You know what waves look like? Well, these were waves, but with their crests down, not up."

Halt watched the "waves" for about 3 minutes as they swept toward him in an irregular path. One crest was headed directly for his home but still was about a mile away when it touched down at the residence of Finley Patterson. Halt could see the winds as they destroyed Patterson's house, and he made a quick decision. He decided to get going.

"My house is 87 years old and the basement is very, very small," Halt said. "Vio-

ient thunderstorms would shake it. I saw the Patterson place destroyed, and I put my family in the car and drove south on Pine Road toward Route 6. I thought I could get out of its path."

Halt shouted to his wife to get their three youngsters and they piled in the car and fled south. But they never made it to Route 6. As they drove by a big barn on a country road, the winds splintered the walls of the barn and the timbers fell onto the Halt car with an ear-splitting crash.

Halt said he did not lose consciousness and it was all over in 30 seconds.

"I got my door open and lifted out my two boys, Jerry and John. I pulled my daughter, Kristy, off the floor and put her in the back seat. Then I went around to the other side of the car and tried to help my wife."

But there was no helping Madelyn Halt, 42. She lay in agony near the car, and died of her injuries within a few minutes.

The others were given first-aid treatment and an ambulance came for Halt and Kristy, who had multiple injuries. They were in the ambulance a long time.

"The traffic was so bad, it took us an hour and a half to get through," Halt recalled.

A week later, Halt was able to leave South Bend Memorial Hospital, but Kristy remained in the intensive care unit. The boys, meanwhile, stayed with neighbors.

The irony of it was the most agonizing part.

Robert Halt will never forget the split-second decision he made to try and outrace the tornado.

For when he returned to his home, the one he so frantically abandoned, he found the tornado had not touched it at all.

It stood, undamaged, just as it had for 87 years.

DIARY OF A DISASTER

(By Boyd Gill and Don Wallis, Jr.)

CHAPTER XIV. RUSSIAVILLE

It is impossible to adequately recount the tornado disaster at Russiaville on Palm Sunday. The winds struck, literally, every house, every building in the town. Only seven houses survived the storm in a condition that could be described as livable. The rest were either destroyed or damaged so badly that major repair was needed before they could again be used.

It is impossible to adequately recount the disaster at Russiaville, then, because it is so difficult to believe. About an hour after the tornado hit the town, Ted Miller, 29, told a United Press International reporter at Frankfort: "Russiaville is gone." He added that his own house was blown away as he hid in the basement. He said he saw the winds pick it up and carry it away.

When the UPI reporter telephoned Miller's account of the tornado to the State bureau at Indianapolis, a veteran news editor made a note of it but then disregarded the information.

"This quote is too strong," the newsman said. "The man is apparently shook up. It can't be that bad."

But it was.

The storms hit at 7:28 in Russiaville. Two minutes before, at 7:26, the sky was so dark everyone knew a storm was coming. Many Russiaville residents were in church. Others were at home—and some were out driving.

The tornado approached the west edge of town, hugging close to the ground. It seemed to skip upwards just a little, and then it dropped down two houses south of the Gilbert Lewis residence. Five minutes before it touched down, Mr. and Mrs. Lewis had heard a television warning that tornadoes may hit sometime during the next hour in the area. Later, Lewis recalled that he believed the short warning was the reason

why many people were not in their basements when the storm struck.

Lewis looked out his window when he heard the tornado coming.

"You couldn't see the sky, really. There was a huge red cloud over the town and at each extremity a funnel came down," he recalled.

The Lewises ran for the basement. A son, Gary, home on vacation from Franklin College, started for the basement but the wind coming through the house picked him up and hurled him down the basement stairs. He suffered a broken nose.

The storm took Gary's car and smashed it to bits. The hardware store that Lewis owned downtown was demolished a few seconds later. But the Lewis house was one of the seven that were livable in Russiaville after the winds passed through.

There were 51 people at the First Baptist Church in Russiaville. Rev. Milton E. Barkley was conducting a Palm Sunday evening service and was about half way through when he stopped suddenly.

"I heard a big train approaching. It seemed to be coming right down Main Street," he recalled. "And then I remembered there aren't any railroad tracks down Main Street."

Mrs. Elmer Rushing was in the congregation with her husband and four children. She said everyone in the church began to head toward the basement.

"But God didn't allow us to get to the basement," she said. Before they could reach the basement entrance, the floor caved in. Any persons underneath would surely have been crushed. As it was, everyone huddled under pews in the church. No one was injured. The church was destroyed.

At the Friends Church in Russiaville, the Palm Sunday service was interrupted by a neighborhood boy, Gene Carter, who had been watching television and listened to the tornado warnings that only a few others seemed to have heard. He ran into the church and shouted that a tornado was coming. Then the low, dull, ominous, rumbling sound could be heard in the distance.

The congregation of about 75 persons fled quickly downstairs. A few seconds after the last group reached the basement the church walls wavered and then the top was blown away. The church was reduced to rubble, but only a few persons were hurt and no one was injured seriously.

Otis Oliver saw the storm coming before many people did. He shouted to his wife. She yelled to their three children. The family piled in the car and Oliver drove them out of town and out of the path of the tornado.

"It was right behind us," recalled Mrs. Oliver. "We're lucky. At least we're alive."

Oliver returned after the storm had passed to find his house demolished. He accepted the close call with a shrug.

"It was the only thing to do," he said. "I figured something was coming. We just took off."

In their trailer home, Ralph and Virginia Ratcliff didn't stand much of a chance of surviving the storm. Some persons living in trailer homes did manage to survive the tornadoes, but most of them sought refuge somewhere else. Those who stayed in the trailers were buffeted about unmercifully. Trailers were lifted up, slammed against trees, houses, against other trailers, or against the ground. An unmoored trailer is possibly the very worst place to be in a storm, and anyone who comes out of one hit by a tornado with less than serious injuries has beaten the odds.

The Ratcliffs did not beat the odds. Their bodies were found in the ruins by friends after the tornado had passed.

Another victim, 8-year-old David Evans, was in a bad spot, too. He tried to run for shelter, but the vicious winds caught him

outside, as he ran between two houses. He was unprotected, and was killed when struck by flying debris as the houses shattered into splinters.

Remarkably, the Ratcliffs and the Evans boy were the only fatalities at Russiaville. When the winds died down and people came out to survey the ruins, everyone would remember the sight and later exclaim with wonder what a miracle it was that no more were killed. People who had lost their homes and their possessions were grateful that they lived through it.

But the storm, now past Russiaville, was just beginning to destroy and kill in its central path. Many other towns lay ahead, their residents for the most part unsuspecting, directly in the path of the storm. As Russiaville's residents stared in shock and awe at the devastation of their town, the same horrible story was beginning to unfold in more Hoosier cities, towns and villages lying to the northeast.

DIARY OF A DISASTER

(By Boyd Gill and Don Wallis, Jr.)

CHAPTER XVIII. GREENTOWN

For a little girl 8 years old and going on 9, the coming of spring is a marvelous thing. The winter had been a good one for Rose Ann Sweet, of Wabash. She loves to practice ballet and she likes to read and that's what she did in the winter. But in the spring she could go outside and play, and what's more she was going to be 9 years old on Easter Sunday.

It's understandable, then, that when spring finally started to appear in Indiana during the second week of April, Rose Ann Sweet was on top of the world. She had a few days vacation from school and to take advantage of it, she packed her favorite dolls and her ballet shoes, in case the weather turned cold again, and got ready to visit her grandmother in Greentown. It was Palm Sunday, and after spending a week with her grandmother the two of them would return to Wabash for her birthday celebration.

Her grandmother, Mrs. Omma Ellen Sweet, 63, drove over to Wabash from Greentown early that Sunday morning. She spent the day with her son, Robert, Rose Ann's father, and Rose Ann's mother. Toward evening Rose Ann and her grandmother started out for Greentown. It was a little after 7 o'clock and Mrs. Sweet hoped they would get home in time to watch part of the Walt Disney program on television before it was time to go to bed.

They never made it to Greentown.

Rose Ann later recalled it as a sort of fairy tale, the kind of fantasy Walt Disney might have presented that night on television.

"It seemed like the story of the Wizard of Oz when Dorothy's house was picked up and carried to a far and distant land," Rose Ann said later from a bed in the Wabash County Hospital.

What actually happened was all too real. The tornado, moving due east from Kokomo, caught up with Rose Ann and her grandmother just before they reached Greentown. Mrs. Sweet, driving north on Indiana 22, saw the tornado coming. She turned off the road into a private driveway just as the winds picked up the car and carried it about 500 feet into a farm field.

Rose Ann can recall it well.

"The wind was moving very fast. It picked up the car. I was on the floor."

"I remember the car turning around and around. The next thing I remember was when I woke up out in the field. I was covered with mud and so was Grandma. I got up and went to Grandma. We could hear people calling for help."

"I wanted to go to the highway for help, but Grandma wanted me to stay with her. It didn't seem like we were in the field for a very long time, but Daddy told me later it was 45 minutes."

Rose Ann's grandmother died the next morning in the hospital. She underwent surgery the night of the storm but died in her sleep afterwards. Rose Ann suffered multiple cuts. And two of her favorite dolls were blown away.

Mrs. Sweet was the oldest person to die at Greentown when the killer tornado struck. Tamara Lynn Harvey, who was only 2 weeks old, was the youngest victim. In all, 10 persons were killed at Greentown—a rate of about 1 person every 11 seconds, for the storm took less than 2 minutes to move through the small town. And yet when it was over, there were many people who said it was a miracle more did not die.

Perhaps it was, for some. Jim Calaway, the basketball coach at Eastern High School in Greentown, lives near the school and he could hear the tornado as it destroyed the building.

"It sounded like an enormous explosion," Calaway recalled. "I was with my wife and kids in the basement. I was huddled over the top of them and I remember saying out loud, 'Well, we are all going but we are going together.' Then I put my arms around them and heard the twister slam into the rear of the house. It sounded like two jet planes. I just knew we were gone."

Calaway said he could not believe his eyes when he looked up after the terrible noise was gone.

"I looked out the back and looked all around. I told my wife I couldn't see a house standing to the east of us. It's a sight you just can't imagine."

From his house Calaway usually could see the high school, but this time when he looked he could see nothing. Later, he saw that the gymnasium had been reduced to such ruins that the only way it could be identified as a gym was that a basketball goal, its glass backboard and netting undamaged, lay in the midst of the wreckage.

There were other miracles.

Ray Hardin saw the ugly funnel clouds coming.

"But it was too late to do anything," he said. "I started to get my wife and my daughter—she's only 6 years old—and get them all in the car. There was no time for that. Besides, where do you go?"

Hardin and his wife and daughter went to a closet, huddled inside, and closed the door. "We just waited for it to hit," he recalled.

It hit, tearing away the house, splintering the walls. The only thing spared by the winds was the closet—the closet where the Hardins hid. They were not injured.

"I guess the clothes in the closet padded us or something," Hardin said. "We would have been killed sure anywhere else in that house."

But at Greentown miracles didn't save everyone. Victor and Josephine Werner, of Logansport, had been visiting that day at Connersville and they were driving back toward home when the tornado caught them a few miles south of Greentown. Werner tried to pull off the highway onto a farm lane.

"It was like a big wall. Everything was coming at me," he recalled. The tornado rolled the car into the farmfield, and Werner and his wife were tossed out. The impact broke his right leg but he managed to crawl to the highway 300 yards away. Half an hour later someone picked him up, but Mrs. Werner wasn't found until later. She was dead of a fractured skull.

In Greentown, Mr. and Mrs. Anthony Sheffler grabbed their two young children and ran to their garage and lay on the floorboards of their car. The winds blew the house away, ripped up the garage, picked up the car and sent it spinning into the basement. Sheffler and the two children were hurt badly but later recovered. The wife and mother, 30 years old, was killed.

Besides Mrs. Omma Sweet, the 2-week-old Harvey infant, Mrs. Sheffler, and Jose-

phine Werner, six others were killed by the tornadoes in Greentown and vicinity. Many were injured and hospitalized.

Ten had died, and still there were persons calling it a miracle that more were not killed. Like the man who, running from the storm, fell down in the hallway of his house and lay there, helpless, as the winds blew everything away.

Everything, except the hallway.

DIARY OF A DISASTER

(By Boyd Gill and Don Wallis, Jr.)

CHAPTER XXIV. THE RECOVERY

Arthur Miller has lived all of his 54 years in Boone County, and he likes to tell people who ask him where he has spent his life: "I've never been more than a mile away from home."

Then Miller, smiling, will explain that he has, indeed, always made his residence within a mile of the house in which he was born. He was born and reared in a house just down a country road from where he lives now—or, rather, where he used to live—and for a few years, back in the thirties, he lived in a house that is just up that same road in the other direction.

Miller speaks jokingly about never being more than a mile away from home, but a couple of months ago it was no joke; then, Arthur Miller was seriously thinking about moving away from the area for good. He had just lost his house, barn, hog house, farrowing barn, tool shop, corn crib, workshop, garage, chicken house, brooder barn—everything he had—when the southernmost belt of the Palm Sunday tornadoes ripped through Boone County.

Fortunately, Miller and his wife and their daughter and her husband were not hurt in the tornado that touched down on their property. They saw it coming and took shelter in their basement. As the funnel cloud approached, Miller watched from a basement window.

"It hit my barn," he remembered, "and it was just like someone exploded dynamite inside it. Then it came on and hit the house. I ducked, and then there was a loud crack—that's all, just a clean, quick crack—and the house was gone. It stood all these years. I can't believe that it just went like that, in a split second."

But it had. And after the storm had passed Arthur Miller and his family crawled out of the ruins of what had been their home. They looked around, and everywhere was debris and rubble and worthless hunks of splintered wood and mangled metal. Right then, there were neighbors to see about, to help if they had been injured, so nobody thought much about the loss. But later that night it occurred to him: What was he going to do?

His first thought was to quit. "I just didn't really consider anything else," he recalled. "Everything was gone, and I didn't think we could ever rebuild all that again."

The next day, though, an amazing thing happened to the Millers. Before they could even begin to try and clean things up on their property, scores of neighbors—some who knew the Millers well, some of knew them only slightly, and some, Miller says, that he had never seen or heard of before—gathered on the Miller property and went to work. One man brought Miller a mobile home to live in until his house was rebuilt.

"Boy, you sure find you've got a lot of friends when something like this happens," Miller recalled, shaking his head in wonder. "People who didn't know us from a load of hay drove miles and miles to help us out."

"One man came over here, started loading his truck with a bunch of my corn that had been strewn all over the place when the barn went. Then he drove away. Later he came back and walked up and said, 'Here's your ticket, mister,' and then he left. He had

taken my corn down to the grain elevator and then brought me back the ticket so I could go get paid for it. How about that?"

Miller says there must have been 50 men helping him out that he didn't even know. And the work was hard. As Miller put it: "There was debris all over the place. Everywhere. There wasn't one piece of anything that you couldn't pick up with one hand."

After the cleanup was over, Arthur Miller had second thoughts about quitting. Perhaps it was the lift he got when everyone pitched in and helped him out. Perhaps he was over the shock of the storm and his loss and could think things out. Perhaps it was because of his son.

As Miller explained, "My son Karl and I had a long-range plan for the farm. He's got a dairy operation on his place, and I've got 160 acres, and we rent another 160 acres. It takes two men working hard to do it. I thought I better stay."

So, in the end, Arthur Miller decided to remain within a mile of home, after all, and rebuild all that he built up through the years. He is one of hundreds of Hoosiers who made the same decision in the days and weeks that followed the Palm Sunday disaster. Many others didn't—they decided to leave, to abandon their farms and homes for new dwellings, somewhere else. But many stayed, and Arthur Miller of Boone County is typical of those who will spend the next 5 or 10 years or longer trying to get back to where they were on Palm Sunday, 1965.

The first thing Arthur Miller had to do was return to work in his fields.

"I was already behind, because of the cleanup and everything, and then we had two big rains and that put me further back. But I'll salvage something, I guess."

When he does get started on his rebuilding, the first things to be done is the house. The one that was shattered by the winds was on the property when he bought it in 1941, but it was located about a hundred yards west of the spot where it stood when the storm hit.

"Maybe I should have left it where it was," Miller said. "If it had been left there the tornado would have missed it."

The house is his biggest financial problem, too, for his insurance will cover only about one-half the cost of the new house he will build to replace it. "I had plenty of coverage," he explained, "but not enough, because you just can't buy a used house."

He can buy used equipment, though, and so his insurance will cover the loss there. For the rest, he'll have to borrow. He has talked to several bankers, but was not encouraged about what he found out.

"I heard they were going to offer loans at 3 percent for tornado victims," Miller said. "That would be great. But I've looked around, and there isn't any such thing. At least not now. I'm going to have to borrow it at 6 percent. I could afford twice as much if I could get it at 3 percent. And I sure could use it."

Fencing, too, is a problem. Despite claims to the contrary, fencing is not covered by insurance. Miller said he estimated it will cost him \$5 per rod to replace his fencing, and he'll need 750 rods of fence.

But Arthur Miller—and all the others who face the same agonizing task of rebuilding their lives—will get the job done, no matter what the cost or how much time it takes or how much work. The trouble is that even when all the rebuilding is finished, when the recovery is complete, it just won't be the same. The Palm Sunday tornado disaster has left scars that cannot be erased by anything, not even time: the memory of a loved one who died, the memory of a treasured keepsake that was blown away by the winds.

Arthur Miller and his wife summed it up: "Well, we lived through it, and we're thank-

ful for that. And we are in a position to rebuild okay, and we're thankful for that.

"But every day since the storm," Mrs. Miller went on, "every day I've thought of something I used to have—maybe just a little something, but something I treasured and loved and something that meant a lot to me and to us—I think of it and then I think, 'Well, that's gone, I'll never see that again.'"

Mr. COOPER. Mr. President, as both a sponsor of the bill, S. 1861, before the Senate for consideration, and as a member of the Committee on Public Works, which conducted the hearings on this proposed Disaster Relief Act of 1965, I want to voice my support for passage of this important bill. I also want to pay tribute to the effort and thought of the distinguished junior Senator from Indiana [Mr. BAYH] who introduced S. 1861 and who worked in the committee and in the Senate to develop a comprehensive, useful set of programs that would help to meet the needs of citizens and communities struck by natural disasters.

In my own State of Kentucky, where we know the terrible effects particularly of floods, and where we have seen communities work to rebuild their life and economy over long years of almost annual disasters in some areas, this bill will provide assistance and direction when it is needed most. The Federal agencies involved in the existing disaster programs have provided important and sympathetic services in times of great need, not only in communities and for citizens in Kentucky, but from time to time in States all across the Nation. This bill would revise existing Federal disaster loan programs established by the Congress, and it will make it more possible for local governments to rebuild their communities and respond to the needs of their people following a natural disaster.

In addition to revising and coordinating existing programs, homeowners and farmers and businessmen will now have the chance to use a program to replace property destroyed in a declared disaster area. Through the Housing and Home Finance Agency, the Small Business Administration, the Rural Electrification Administration, the Veterans' Administration, and the Farmers Home Administration, among others, programs of loans and assistance will be more readily available directly to the individuals affected. The States would also be eligible for grant assistance to help people to restore homes and farms and businesses, and schools, highways, and vital community facilities will not have to go unattended for lack of funds for reconstruction to enable them to be again used by the people who live in the areas struck by disaster. I believe this is an important bill, I am glad the Senate is taking it up today, and I hope it will be passed and become law.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, and to be read a third time.

The bill (S. 1861) was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. CLARK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I am very pleased and grateful at the passage of S. 1861, the Comprehensive Disaster Relief Amendments Act.

It was not until we had experienced the awesome damage to the Northeast and the Palm Sunday tornado and floods in the Midwest, that we found deficiencies in current laws dealing with natural disaster. This measure liberalizes and clarifies disaster aid programs of the Farmers Home Administration, the Housing and Home Finance Agency, the Army Corps of Engineers, and the Small Business Administration to provide immediate relief and long-term adjustment with loans for reconstruction of farms, homes, businesses, and public utilities.

I commend my colleagues and thank them for swift passage of this measure which means much to Americans in the Midwest and the Northwest—hard hit by disaster. By passing this bill, the Congress helps to answer the needs of people in distress. I know that my colleagues join me in the prayer that there is never a necessity to use the provisions of this bill again.

AUTHORIZATION FOR THE SECRETARY OF THE INTERIOR TO GIVE TO THE INDIANS OF THE PUEBLOS OF ACOMA, SANDIA, SANTA ANA, AND ZIA THE BENEFICIAL INTEREST IN CERTAIN FEDERALLY OWNED LANDS HERETOFORE SET ASIDE FOR SCHOOL OR ADMINISTRATIVE PURPOSES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 476, S. 1904.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1904) to authorize the Secretary of the Interior to give to the Indians of the Pueblos of Acoma, Sandia, Santa Ana, and Zia the beneficial interest in certain federally owned lands heretofore set aside for school or administrative purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, at the beginning of line 2, to insert "and improvements"; and in line 22, after the word "lands", to insert "and improvements"; so as to make the bill read:

S. 1904

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That when the following identified lands (other than the mineral interests specifically excluded in the identification), which were set aside

for school or administrative purposes, are no longer needed by the United States for the administration of Indian Affairs, the Secretary of the Interior is authorized to declare, by publication of a notice in the Federal Register, that the title of the United States to such lands and improvements shall thereafter be held in trust for the Indians of the Pueblos of Acoma, Sandia, Santa Ana, and Zia as follows:

(1) Acoma day school site comprising three and five-tenths acres, more or less, to the Indians of the Pueblo of Acoma;

(2) Sandia school site comprising sixty-three one-hundredths of an acre, more or less, to the Indians of the Pueblo of Sandia;

(3) Santa Ana school site comprising two and eighty-one one-hundredths acres, more or less, excluding mineral interests therein, located within the El Ranchito grant, to the Indians of the Pueblo of Santa Ana; and

(4) Administrative site in the Borrego grant, comprising four hundred and twenty-eight acres, more or less, excluding minerals therein, to the Indians of the Pueblo of Zia.

SEC. 2. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of lands and improvements placed in a trust status under the authority of this Act should or should not be set off against any claim against the United States determined by the Commission.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 492), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 1904, introduced by Senators ANDERSON and MONTOYA, is to authorize the Secretary of the Interior to give in trust to the Pueblos of Acoma, Sandia, Santa Ana, and Zia in New Mexico the beneficial interest in certain federally owned lands and improvements when they are no longer needed. The lands (approximately 435 acres) were set aside for school or administrative use. The value of the lands and improvements is approximately \$31,000.

The property to be donated is described as follows:

ACOMITA DAY SCHOOL SITE, ACOMA PUEBLO

This tract, comprising 3.5 acres within the Pueblo grant, was acquired through condemnation proceedings in the U.S. District Court for the District of New Mexico in 1920 at a cost of \$350 for the construction of a school building. The land was never used for school purposes. A revocable permit was given to the Pueblo of Acoma, which authorized the pueblo to use the tract for agricultural purposes. The present estimated value of the land is \$560.

SANDIA SCHOOL SITE, SANDIA PUEBLO

This day school site comprising 0.63 acre, more or less, was acquired by the United States in 1930 at a cost of \$126 through condemnation proceedings. It was acquired as a site upon which to erect Government buildings for the use and training of Indians attending the school at the Sandia Pueblo. The operation of a day school at this pueblo was discontinued on July 1, 1960, and the Sandia children now attend public school. The present estimated value, including improvements, is \$14,227. These improvements consist of one school building and teacher's quarters, pumphouse, storage building, warehouse, building for bathhouse, garage, dispensary, and sewer and water system. Under a revocable permit the Sandia Indians use the buildings on this site for a meeting place for the tribal council and for other community

gatherings as the need arises. A portion of the school site will continue to be used for a health clinic and a school for Public Health Indian sanitarian aids, and no conveyance of land or buildings used for these purposes will be made to the tribe without the approval of the U.S. Public Health Service.

SANTA ANA SCHOOL SITE, SANTA ANA PUEBLO

This day school site is situated in the El Ranchito grant of the Santa Ana Pueblo and was acquired by the United States in 1920 at a cost of \$140.50 through condemnation proceedings. It was acquired as a site upon which to construct a school building for the Indians of the Pueblo of Santa Ana. The operation of a day school at Santa Ana Pueblo was discontinued on July 1, 1960. Since that time the Santa Ana Indian children have been attending public school. The present estimated value of this land, including improvements, is \$13,747. The improvements located on this former school site consist of a school and quarters building, storage building, garage and storage building, bath and storage building, a pumphouse, and the water and sewer system. Under a revocable permit covering the use of all buildings and facilities at the Santa Ana Day School site, issued on August 28, 1960, the Pueblo of Santa Ana plans to use the school site as a meeting place for the tribal council and for other community gatherings as the need arises. A portion of the school site is being used by the Public Health Service as a location for its clinic. No conveyance of land or clinic buildings will be made to the tribe without the approval of the U.S. Public Health Service.

The United States holds title to the minerals in the El Ranchito grant, which embraces the school site, and it is not proposed to convey the minerals in this parcel of 2.81 acres.

ADMINISTRATIVE SITE IN BORREGO GRANT, ZIA PUEBLO

This administrative site in the Borrego grant comprises 428 acres, more or less. The entire Borrego grant in Sandoval County, N. Mex., was purchased by the United States in the submarginal land purchase project. Jurisdiction of the Borrego grant was transferred from the Department of Agriculture to the Department of the Interior in 1938. All of the Borrego grant, excluding minerals and excepting this administrative site of 428 acres, became trust land of the Pueblo of Zia pursuant to the act of August 13, 1949 (63 Stat. 604). The entire Borrego grant of 16,079.80 acres was purchased by the Government for \$68,239.40, or an average per acre cost of \$3. This would make the cost of the administrative site \$1,284. There are no improvements on the site. The Borrego grant is used by members of the Pueblo of Zia for livestock grazing purposes and the administrative site would likewise be used for livestock grazing. The present estimated fair market value of this administrative site is \$2,568.

The United States holds title to the minerals in the remainder of the Borrego grant, and it is proposed to retain the minerals in the administrative site.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments are considered and agreed to en bloc.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, and to be read the third time.

The bill (S. 1904) was read the third time and passed.

GARRISON DIVERSION UNIT, MISSOURI RIVER BASIN PROJECT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily, and that the Senate proceed to the consideration of calendar No. 454, Senate bill 34.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 34) to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, line 7, after the word "revised", to strike out "May 1963" and insert "February 1965"; and in line 9, after "Sec. 2.", to strike out the following:

The Secretary is authorized in connection with the Garrison diversion unit to construct, operate, and maintain or otherwise provide for basic public outdoor recreation facilities, to acquire or otherwise to include within the unit area such adjacent lands or interests therein as are necessary for present or future public recreation use, to allocate water and reservoir capacity to recreation, and to provide for the public use and enjoyment of unit lands, facilities, and water areas in a manner coordinated with other unit purposes. The Secretary is authorized to enter into agreements with Federal agencies or State or local public bodies for the operation, maintenance, and additional development of unit lands or facilities, or to dispose of unit lands or facilities to Federal agencies or State or local public bodies by lease, transfer, conveyance, or exchange, upon such terms and conditions as will best promote the development and operation of such lands or facilities in the public interest for recreation purposes. The Secretary shall notify the President of the Senate and the Speaker of the House of Representatives of any such proposed disposition to a State or local public body by transfer, conveyance, or exchange, or by lease for twenty-five years or more, and no such transfer, conveyance, or exchange shall be effectuated and no such lease shall be executed prior to sixty calendar days (which sixty days, however, shall not include days on which either the Senate or the House of Representatives is not in session because of an adjournment of more than three days to a day certain or an adjournment sine die) from the date of such notification. In connection with the foregoing undertakings and developments for the enhancement of fish and wildlife resources on the Garrison diversion unit: (1) Federal costs incurred specifically for land and basic facilities shall be nonreimbursable; (2) joint costs allocated to recreation and fish and wildlife enhancement, other than those hereafter specified, shall in the aggregate be nonreimbursable to the extent they do not exceed the sum of \$13,000,000 plus 4 per centum of the cost of joint use land and facilities of the unit in excess of \$100,000,000; (3) joint costs allocated to fish and wildlife enhancement which are attributable to migratory waterfowl production habitat benefits shall be nonreimbursable; and (4) other Federal costs, including separable joint costs,

allocated to recreation and fish and wildlife enhancement shall in the aggregate be nonreimbursable up to a limit of \$2,500,000. Provision shall be made for the reimbursement, for the contribution by non-Federal interests, or for the reallocation of costs allocated to recreation and fish and wildlife enhancement in excess of the foregoing limit under one or a combination of the following methods as may be determined appropriate by the Secretary: (1) provision by non-Federal interests of land or interests therein or facilities required for the unit; (2) payment or repayment, with interest at a rate comparable to that provided in section 4(a) of this Act, pursuant to agreement with one or more non-Federal public bodies; (3) reallocation to other project functions in the same proportion as joint costs are allocated among such functions. Costs of means and measures to prevent loss of and damage to fish and wildlife shall be treated as unit costs and allocated to the other unit purposes. For the purpose of this Act, "joint-use land and facilities" shall mean land and facilities serving two or more unit purposes, one of which is recreation or fish and wildlife enhancement. Nothing herein shall limit the authority of the Secretary granted by existing provisions of law relating to recreation, development of water resource projects, or disposition of public lands for recreational purposes.

And, in lieu thereof, to insert:

(a) Subject to the provisions of subsections (b), (c), (d), and (e) of this section, the Secretary is authorized in connection with the Garrison diversion unit (i) to construct, operate, and maintain or provide for the construction, operation, and maintenance of public outdoor recreation and fish and wildlife enhancement facilities, (ii) to acquire or otherwise to include within the unit area such adjacent lands or interests in land as are necessary for present or future public recreation or fish and wildlife use, (iii) to allocate water and reservoir capacity to recreation and fish and wildlife enhancement, and (iv) to provide for the public use and enjoyment of unit lands, facilities, and water areas in a manner coordinated with other unit purposes. The Secretary is further authorized to enter into agreements with Federal agencies or State or local public bodies for the operation, maintenance, and replacement of unit facilities, and to transfer unit lands or facilities to Federal agencies or State or local public bodies by lease or exchange, upon such terms and conditions as will best promote the development and operation of such lands or facilities in the public interest for recreation and fish and wildlife enhancement purposes.

(b) All costs allocated to fish and wildlife enhancement and incurred in connection with waterfowl refuges and waterfowl production areas proposed for Federal administration shall be nonreimbursable.

(c) (1) If, before commencement of construction of the unit, non-Federal public bodies agree to administer for recreation or fish and wildlife enhancement or for both of these purposes pursuant to the plan for the development of the unit approved by the Secretary land and water areas which are not included within Federal waterfowl refuges and waterfowl production areas and to bear not less than one-half the separable costs of the unit allocated to either or both of said purposes, as the case may be, and attributable to such areas and all the costs of operation, maintenance and replacement incurred in connection therewith, the remainder of the separable capital costs so allocated and attributed shall be nonreimbursable.

(2) In the absence of such a preconstruction agreement recreation and fish and wildlife enhancement facilities (other than minimum facilities for the public health and safety at reservoir access points and facilities

S. 1861

Referred to the Committee on Public Works

1

1 FEDERAL LOAN ADJUSTMENTS

2 SEC. 3. (a) Where such action is found to be necessary
3 because of loss, destruction, or damage of the property, or
4 impairment of the economic feasibility of the system, of bor-
5 rowers under programs administered by the Rural Electrifi-
6 cation Administration, resulting from a major disaster, the
7 Secretary of Agriculture is authorized to adjust and to re-
8 adjust the schedules for payment of principal and interest on
9 loans to such borrowers, and to extend the maturity dates
10 of such loans to a period not beyond forty years from the
11 dates of such loans. The authority herein conferred is in
12 addition to the loan extension authority provided in section
13 12 of the Rural Electrification Act.

14 (b) The Housing and Home Finance Administra-
15 tor is authorized to refinance any note or other obligation
16 which is held by him in connection with any loan made by
17 the Housing and Home Finance Agency, or which is in-
18 cluded within the revolving fund for liquidating programs
19 established by the Independent Offices Appropriation Act of
20 1955, where he finds such refinancing necessary because of
21 the loss, destruction, or damage to property or facilities
22 securing such obligations as a result of a major disaster.
23 The interest rate on any note or other obligation refinanced
24 under this subsection may be reduced to a rate not less than
25 3 per centum per annum, and the term thereof may be ex-

1 tended for such period as will provide a maturity of not to
2 exceed forty years: *Provided*, That the Administrator may
3 authorize a suspension in the payment of principal and inter-
4 est charges on, and an additional extension in the maturity
5 of, any such loan for a period not to exceed five years if he
6 determines that such action is necessary to avoid severe
7 financial hardship.

8 (c) Section 1820 of title 38, United States Code, is
9 amended by adding at the end thereof the following new sub-
10 section:

11 “(f) The Administrator is authorized to refinance any
12 loan made or acquired by the Veterans’ Administration
13 when he finds such refinancing necessary because of the loss,
14 destruction, or damage to property securing such loan as the
15 result of a major disaster as defined in subsection 1855a (a)
16 of title 42, United States Code. The interest rate on any
17 loan refinanced under this subsection may be reduced to a rate
18 not less than 3 per centum per annum, and the term thereof
19 may be extended for such period as will provide a maturity
20 of not to exceed forty years; except that the Administrator
21 may authorize a suspension in the payment of principal and
22 interest charges on, and an additional extension in the ma-
23 turity of, any such loan for a period not to exceed five years if
24 he determines that such action is necessary to avoid severe
25 financial hardship.”

1 (d) In the administration of the disaster loan program
2 under section 7 (b) of the Small Business Act, any applica-
3 tion for a loan thereunder in an amount of \$30,000 or less in
4 the case of a homeowner, or \$100,000 or less in the case of a
5 business concern, may be granted, if such loan is for the
6 repair, rehabilitation, or replacement of property damaged or
7 destroyed as the result of a major disaster, without regard to
8 whether the required financial assistance is otherwise avail-
9 able from private sources.

10 (e) In the administration of subtitle III of the Consoli-
11 dated Farmers Home Administration Act of 1961, relating
12 to emergency loans, any application for a loan thereunder in
13 an amount of \$30,000 or less may be granted, if such loan is
14 for the repair, rehabilitation, or replacement of property dam-
15 aged or destroyed as the result of a major disaster, without
16 regard to whether the Secretary of Agriculture finds that the
17 required financial assistance can be met by private, coopera-
18 tive, or other responsible sources (including loans the Secre-
19 tary of Agriculture is authorized to make or insure under
20 any other provision of law).

21 (f) Such sums as may be necessary to carry out the
22 provisions of this section are hereby authorized to be ap-
23 propriated.

1 GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS
2 AND BUSINESSES

3 SEC. 4. (a) The President is authorized in accordance
4 with the provisions of this section to provide assistance to
5 the States in developing and carrying out comprehensive and
6 practicable programs for assisting homeowners and business
7 concerns suffering property losses as the result of a major dis-
8 aster. For the purposes of this section, the term "State" in-
9 cludes the District of Columbia and the Commonwealth of
10 Puerto Rico.

11 (b) From the sums appropriated pursuant to subsection
12 (i) the President is authorized—

13 (1) to make grants to any State, upon application
14 therefor, in an amount not to exceed 50 per centum of
15 the cost of developing a program referred to in subsection

16 (a) : *Provided*, That the total grants made to any State
17 under this paragraph shall not exceed \$250,000; and

18 (2) to make grants to any State, upon the basis of
19 an approved State plan, to pay not to exceed 50 per
20 centum of the cost of carrying out such a program.

21 (c) Any State desiring to participate in the grant pro-
22 gram under paragraph (2) of the preceding subsection shall
23 designate or create an agency which is specially qualified to

1 administer such a disaster relief program, and shall, through
2 such agency, submit a State plan which shall—

3 (1) set forth a comprehensive and detailed State
4 program for assistance to homeowners and business con-
5 cerns suffering property losses as a result of a major
6 disaster;

7 (2) specify that the homeowner or business concern
8 will assume 25 per centum of the property loss sustained
9 by it as a result of such a disaster, and the State will
10 agree to pay 25 per centum of such loss;

11 (3) provide that no homeowner or business concern
12 shall be eligible to participate in such a State program
13 unless the damage to the property of such owner or con-
14 cern resulting from such a disaster exceeds 5 per centum
15 of the value of such property prior to such a disaster, or
16 \$100, whichever is the greater;

17 (4) specify that the maximum amount of loss to be
18 shared jointly by the homeowner or business concern, the
19 State, and the Federal Government under such a pro-
20 gram shall be \$30,000 in the case of a homeowner, and
21 \$100,000 in the case of a business concern;

22 (5) provide a means of appraisal to establish the
23 fair market value of the property of such owner or con-
24 cern damaged or destroyed as a result of such a disaster;

(6) provide assurances that equitable treatment will be accorded all eligible property owners;

(7) contain satisfactory evidence that the State will adequately supervise such program;

(8) provide such fiscal control and fund accounting procedures as the President deems necessary; and

(9) set forth such further information as the President may by regulation require.

(d) The President shall approve any State plan which complies with the provisions of subsection (c) of this section.

(e) No grant may be made under this section—

(1) for any loss for which private insurance is available and collectible in such State at reasonable rates;

(2) for any loss in a State which does not have approved flood-plain zoning controls or other similar preventive measures in force; and

(3) to any public agency or organization for the loss of any property owned by such agency or organization.

(f) The President shall prescribe such rules and regulations as he deems necessary for the effective administration of this section, and to prevent the waste or dissipation of Federal funds.

(g) Each State receiving assistance under this section

1 shall, through its designated State agency, make such reports
2 as the President may require, and each such agency shall,
3 upon request of the President, make available its books and
4 records for audit and examination.

5 (h) The President may exercise the powers conferred
6 upon him by this section either directly or through such
7 Federal agency as he may designate.

8 (i) Such sums as may be necessary to carry out the
9 purposes of this section are hereby authorized to be appro-
10 priated.

11 SHELTER FOR DISASTER VICTIMS

12 SEC. 5. (a) The President is authorized to provide
13 dwelling accommodations for any individual or family when-
14 ever he determines—

15 (1) that such individual or family occupied a house
16 (as an owner or tenant) which was destroyed, or
17 damaged to such an extent that it is uninhabitable, as
18 the result of a major disaster; and

19 (2) that such action is necessary to avoid severe
20 hardship on the part of such individual family; and

21 (3) that such owner or tenant cannot otherwise pro-
22 vide suitable dwelling accommodations for himself and/
23 or his family.

24 (b) Such dwelling accommodations, including mobile
25 homes, as may be necessary to meet the need, shall be pro-

1 vided through acquisition, acquisition and rehabilitation, or
2 lease. Dwelling accommodations in such housing shall be
3 made available to any such individual or family for such pe-
4 riod as may be necessary to enable the individual or family to
5 find other decent, safe, and sanitary housing which is within
6 his or its ability to finance. Rentals shall be established for
7 such accommodations, under such rules and regulations as the
8 President may prescribe and shall take into consideration the
9 financial ability of the occupant. In cases of financial hard-
10 ship, rentals may be compromised or adjusted for a period
11 not to exceed twelve months, but in no case shall any such
12 individual or family be required to incur a monthly housing
13 expense (including any fixed expense related to the amortiza-
14 tion of debt owing on a house destroyed or damaged in a
15 disaster) which is in excess of 25 per centum of the indi-
16 vidual's or family's monthly income.

17 (c) In the performance of, and with respect to, the
18 powers and duties conferred upon him by this section, the
19 President may—

20 (1) prescribe such rules and regulations as he deems
21 necessary to carry out the purposes of this section;

22 (2) exercise such powers and duties either directly
23 or through such Federal agency or agencies as he may
24 designate;

1 (3) sell or exchange at public or private sale, or
2 lease, any real property acquired or constructed under
3 this section;

4 (4) obtain insurance against loss in connection with
5 any such real property;

6 (5) enter into agreements to pay annual sums in
7 lieu of taxes to any State or local taxing authority with
8 respect to any such real property; and

9 (6) include in any contract or instrument made
10 pursuant to this section, such conditions and provisions
11 as he deems necessary to assure that the purposes of
12 this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

16 FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER
17 LOANS

18 SEC. 6. Section 221 of the National Housing Act is
19 amended by striking out "or as a result of governmental
20 action", in subsections (a), (d) (2), (d) (3), (d) (6), and
21 (f), and inserting in lieu thereof "as a result of govern-
22 mental action, or as a result of a major disaster as determined
23 by the President pursuant to the Act entitled 'An Act to
24 authorize Federal assistance to States and local governments

1 in major disasters, and for other purposes', approved Septem-
2 ber 30, 1950, as amended (42 U.S.C. 1855-1855g)''.

3 ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

4 SEC. 7. (a) The Secretary of Agriculture is authorized
5 to make grants to farmers whose farmlands or livestock have
6 been damaged as the result of a major disaster. Such grants
7 shall be made (1) for the purpose of assisting such farmers to
8 prepare such lands for cultivation and to restore such lands or
9 livestock to normal productive capacity, and (2) only in the
10 case of lands on the farm normally used in the production of
11 an agricultural crop. No grant shall be made hereunder
12 to assist in restoring lands or livestock to production unless
13 the Secretary determines that the cost of preparing such
14 lands for production has been increased as a direct result of
15 such major disaster.

16 (b) The amount of the grant authorized under this sec-
17 tion in the case of any farmer shall not exceed an amount
18 determined by the Secretary to be equal to two-thirds of the
19 total cost of preparing the damaged lands for cultivation and
20 restoring them to normal productive capacity, and in no event
21 shall the amount of any such grant in the case of any farmer
22 exceed \$10,000.

23 (c) The Secretary is authorized to impose such reason-
24 able terms and conditions on the making of such grants as he

1 determines necessary to carry out effectively the purposes of
2 this section.

3 (d) Such sums as necessary to carry out its provisions
4 of this section are hereby authorized to be appropriated.

5 DISASTER WARNINGS

6 SEC. 8. (a) The Secretary of Defense is authorized to
7 utilize the facilities of the civil defense communications sys-
8 tem established and maintained pursuant to section 201 (c)
9 of the Federal Civil Defense Act of 1950, as amended (50
10 U.S.C. App. 2281 (c)), for the purpose of providing needed
11 warning to governmental authorities and the civilian popula-
12 tion in areas endangered by imminent natural disasters.

13 (b) There are authorized to be appropriated such sums
14 as may be necessary to carry out the provisions of subsection
15 (a).

16 ASSISTANCE TO UNINCORPORATED COMMUNITIES

17 SEC. 9. (a) The Act entitled "An Act to authorize Fed-
18 eral assistance to States and local governments in major dis-
19 asters, and for other purposes", approved September 30,
20 1950, as amended (42 U.S.C. 1855), is amended by insert-
21 ing before the semicolon at the end of section 2 (e) a comma
22 and by adding the following: "and includes any rural com-
23 munity or unincorporated town or village with respect to
24 which the head of the Federal agency concerned determines
25 that (1) there is a need for assistance under this Act, (2) the

1 furnishing of such assistance is feasible, and (3) it will be
2 effectively utilized”.

3 Section 306 of the Consolidated Farmers Home Admin-
4 istration Act of 1961, as amended (7 U.S.C. 1926) is
5 amended by adding the following new subsection (c): “In
6 areas which have suffered major disasters the Secretary is
7 authorized, without regard to the limitations of subsection
8 (a) or (b), to make or insure loans to associations, includ-
9 ing corporations not operated for profit and public and quasi-
10 public agencies, for the acquisition, construction, improve-
11 ment, or extension of waste disposal systems and other pub-
12 lic facilities providing for community services in rural areas,
13 when the Secretary determines that such action is necessary
14 for the rebuilding of a community or a portion thereof dam-
15 aged by a disaster. The Secretary is also authorized to
16 make construction grants not to exceed 50 per centum of
17 the cost of waste disposal systems, water systems, and
18 other public facilities providing for community services in
19 these areas in any case in which repayment of a loan for
20 such purposes from income would require a charge for such
21 service which the Secretary determines to be beyond the
22 ability of a majority of the users who might be served there-
23 by to pay such charges and if such charge would exceed

1 cost for such services in comparable communities in the
2 State.

3 (b) Such sums as may be necessary to carry out the
4 provisions of this section are hereby authorized to be
5 appropriated.

6 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN

7 DISASTER AREAS

8 SEC. 10. (a) The Act of September 23, 1950, Public
9 Law 815, Eighty-first Congress, as amended (20 U.S.C.
10 631-645), is amended by inserting, immediately after the
11 last section of that Act, the following new section:

12 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER

13 AREAS

14 "SEC. 16. (a) If the Director of the Office of Emer-
15 gency Planning determines with respect to any local educa-
16 tional agency that—

17 " (1) (A) such agency is located in whole or in
18 part within an area which, after the date of enactment of
19 this section and prior to July 1, 1967, has suffered a
20 major disaster as a result of any flood, drought, fire,
21 hurricane, earthquake, storm, or other catastrophe which,
22 in the determination of the President pursuant to section
23 2 (a) of the Act of September 30, 1950 (42 U.S.C.
24 1855a (a)), is or threatens to be of sufficient severity

1 and magnitude to warrant disaster assistance by the Fed-
2 eral Government, and

3 “(B) the Governor of the State in which such
4 agency is located has certified the need for disaster assist-
5 ance under this section, and has given assurance of ex-
6 penditure of a reasonable amount of the funds of the
7 government of such State, or of any political subdivision
8 thereof, for the same or similar purposes with respect to
9 such catastrophe,

10 and if the Commissioner determines with respect to such
11 local educational agency that—

12 “(2) public elementary or secondary school facili-
13 ties of such agency have been destroyed or seriously
14 damaged as a result of this major disaster;

15 “(3) such agency is making a reasonable tax effort
16 and is exercising due diligence in availing itself of State
17 and other financial assistance available for the replace-
18 ment or restoration of such school facilities;

19 “(4) such agency does not have sufficient funds
20 available to it from State, local, and other Federal sources
21 (including funds available under other provisions of this
22 Act), and from the proceeds of insurance on such school
23 facilities, to provide the minimum school facilities needed

1 for the restoration or replacement of the school facilities
2 so destroyed or seriously damaged; and
3 “(5) to the extent that the operation of private
4 elementary and secondary schools in the school at-
5 tendance area of the local educational agency has been
6 disrupted or impaired by such disaster, such local educa-
7 tional agency has complied with the provisions of section
8 7 (a) (3) of the Act of September 30, 1950 (Public
9 Law 874, Eighty-first Congress), with respect to pro-
10 visions for the conduct of educational programs under
11 public auspices and administration in which children
12 enrolled in such private elementary and secondary
13 schools may attend and participate,
14 the Commissioner may provide the additional assistance
15 necessary to enable such agency to provide such facilities,
16 upon such terms and in such amounts (subject to the provi-
17 sions of this section) as the Commissioner may consider to
18 be in the public interest; but such additional assistance, plus
19 the amount which he determines to be available from State,
20 local, and other Federal sources (including funds available
21 under other provisions of this Act, and from the proceeds of
22 insurance, may not exceed the cost of construction incident
23 to the restoration or replacement of the school facilities
24 destroyed or damaged as a result of the disaster.
25 “(b) There are hereby authorized to be appropriated for

1 each fiscal year such amounts as may be necessary to carry
2 out the provisions of this section. Pending such appropria-
3 tion, the Commissioner may expend from any funds hereto-
4 fore or hereafter appropriated for expenditure in accordance
5 with other sections of this Act such sums as may be neces-
6 sary for immediately providing assistance under this section,
7 such appropriations to be reimbursed from the appropriations
8 authorized by this subsection when made.

9 “(c) No payment may be made to any local educational
10 agency under subsection (a) except upon application there-
11 for which is submitted through the appropriate State educa-
12 tional agency and is filed with the Commissioner in accord-
13 ance with regulations prescribed by him, and which meets
14 the requirements of section 6 (b) (1). In determining the
15 order in which such applications shall be approved, the Com-
16 missioner shall consider the relative educational and financial
17 needs of the local educational agencies which have sub-
18 mitted approvable applications. No payment may be made
19 under subsection (a) unless the Commissioner finds, after
20 consultation with the State and local educational agencies,
21 that the project or projects with respect to which it is made
22 are not inconsistent with overall State plans for the con-
23 struction of school facilities. All determinations made by the
24 Commissioner under this section shall be made only after

1 consultation with the appropriate State educational agency
2 and the local educational agency.

3 “(d) Amounts paid by the Commissioner to local edu-
4 cational agencies under subsection (a) may be paid in ad-
5 vance or by way of reimbursement and in such installments
6 as the Commissioner may determine. Any funds paid to
7 a local educational agency and not expended or otherwise
8 used for the purposes for which paid shall be repaid to the
9 Treasury of the United States.

10 “(e) None of the provisions of sections 1 to 10, both
11 inclusive, other than section 6(b)(1), shall apply with
12 respect to this section.”

13 SEC. 2. The Act of September 30, 1950, as amended,
14 is amended by inserting, immediately after section 6 of that
15 Act, the following new section:

16 “ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN
17 MAJOR DISASTER AREAS

18 “SEC. 7. (a) If the Director of the Office of Emer-
19 gency Planning determines with respect to any local educa-
20 tional agency that—

21 “(1) (A) such agency is located in whole or in
22 part within an area which, after the date of enactment
23 of this section and prior to July 1, 1967, has suffered a
24 major disaster as a result of any flood, drought, fire,
25 hurricane, earthquake, storm, or other catastrophe

1 which, in the determination of the President pursuant
2 to section 2 (a) of the Act of September 30, 1950 (42
3 U.S.C. 1855a (a)), is or threatens to be of sufficient
4 severity and magnitude to warrant disaster assistance
5 by the Federal Government, and

6 “(B) the Governor of the State in which such
7 agency is located has certified the need for disaster
8 assistance under this section, and has given assurance of
9 expenditure of a reasonable amount of the funds of the
10 government of such State, or of any political subdivision
11 thereof, for the same or similar purposes with respect
12 to such catastrophe,

13 and if the Commissioner determines with respect to such local
14 educational agency that—

15 “(2) such agency is making a reasonable tax effort
16 and is exercising due diligence in availing itself of State
17 and other financial assistance, but as a result of such
18 major disaster it is unable to secure sufficient funds to
19 meet the cost of providing free public education for the
20 children attending the schools of such agency, and

21 “(3) to the extent that the operation of private
22 elementary and secondary schools in the school attend-
23 ance area of such local educational agency has been dis-
24 rupted or impaired by such disaster, such local educa-
25 tional agency has made provision for the conduct of edu-

1 cational programs under public auspices and administra-
2 tion in which children enrolled in such private elemen-
3 tary and secondary schools may attend and participate:
4 *Provided*, That nothing contained in this Act shall be
5 construed to authorize the making of any payment under
6 this Act for religious worship or instruction,
7 the Commissioner may provide to such agency the additional
8 assistance necessary to provide free public education to the
9 children attending the school of such agency, upon such
10 terms and in such amounts (subject to the provisions of this
11 section) as the Commissioner may consider to be in the pub-
12 lic interest. Such additional assistance may be provided for
13 a period not greater than a five fiscal year period beginning
14 with the fiscal year in which the President has determined
15 that such area suffered a major disaster. The amount so pro-
16 vided for any fiscal year shall not exceed the amount which
17 the Commissioner determines to be necessary to enable such
18 agency, with the State, local, and other Federal funds avail-
19 able to it for such purpose, to provide a level of education
20 equivalent to that maintained in the schools of such agency
21 during the last full fiscal year prior to the occurrence of such
22 major disaster, taking into account the additional costs rea-
23 sonably necessary to carry out the provisions of subparagraph
24 (3) of this section. The amount, if any, so provided for the
25 second, third, and fourth fiscal years following the fiscal year

1 in which the President determined that such area has suf-
2 fered a major disaster shall not exceed 75 per centum, 50
3 per centum, and 25 per centum, respectively, of the amount
4 so provided for the first fiscal year following such determi-
5 nation.

6 “(b) In addition to and apart from the funds provided
7 under subsection (a), the Commissioner is authorized to
8 provide to such agency an amount which he determines
9 to be necessary to replace instructional and maintenance
10 supplies, equipment, and materials (including textbooks)
11 destroyed or seriously damaged as a result of such major
12 disaster, and to lease or otherwise provide (other than by
13 acquisition of land or erection of facilities) school and cafe-
14 teria facilities needed to replace temporarily such facilities
15 which have been made unavailable as a result of the major
16 disaster.

17 “(c) There is hereby authorized to be appropriated
18 for each fiscal year such amounts as may be necessary to
19 carry out the provisions of this section. Pending such appro-
20 priation, the Commissioner may expend from any funds
21 heretofore or hereafter appropriated for expenditure in ac-
22 cordance with other sections of this Act, such sums as may
23 be necessary for immediately providing assistance under this
24 section, such appropriations to be reimbursed from the appro-
25 priations authorized by this subsection when made.

1 “(d) No payment may be made to any local educa-
2 tional agency under this section except upon application
3 therefor which is submitted through the appropriate State
4 educational agency and is filed with the Commissioner in
5 accordance with regulations prescribed by him. In deter-
6 mining the order in which such applications shall be ap-
7 proved, the Commissioner shall consider the relative edu-
8 cational and financial needs of the local educational agencies
9 which have submitted approvable applications.

10 “(e) Amounts paid by the Commissioner to local edu-
11 cational agencies under this section may be paid in advance
12 or by way of reimbursement and in such installments as the
13 Commissioner may determine. Any funds paid to a local
14 educational agency and not expended or otherwise used for
15 the purposes for which paid shall be repaid to the Treasury
16 of the United States.”

17 HIGHWAY ASSISTANCE IN DISASTER AREAS

18 SEC. 11. (a) Section 120 (f) of title 23 of the United
19 States Code, relating to the Federal share in emergency high-
20 way relief, is amended by inserting before the period at the
21 end of the first sentence a colon and the following: “*And*
22 *provided further*, That the Federal share payable on account
23 of any repair or reconstruction of any Federal-aid highway
24 necessitated by a major disaster, as determined by the Presi-
25 dent pursuant to section 2 (a) of the Act of September 30,

1 1950 (42 U.S.C. 1855a (a)), may be as much as 100 per
2 centum of the cost thereof”.

3 (b) Section 125 of title 23 of the United States
4 Code, relating to emergency highway relief, is amended
5 by striking out the second sentence and inserting in lieu
6 thereof “There is authorized to be appropriated from the
7 General Fund not to exceed \$50,000,000 for the fiscal
8 year ending June 30, 1965, and not to exceed \$50,000,000
9 for each fiscal year thereafter for the purposes of such fund”.

10 PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC
11 FACILITY AND PUBLIC HOUSING ASSISTANCE

12 SEC. 12. In the processing of applications for assist-
13 ance—

14 (1) under title II of the Housing Amendments of
15 1955, or any other Act providing assistance for the
16 repair, construction, or extension of public facilities; or

17 (2) under the United States Housing Act of 1937
18 for the provision of low-rent housing;

19 priority and immediate consideration shall be given, during
20 such period as the President shall by proclamation prescribe,
21 to applications from public bodies situated in major disaster
22 areas.

23 AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

24 SEC. 13. (a) There is hereby authorized to be appro-
25 priated such sums as may be necessary to repair, restore, or

1 reconstruct any project completed or under construction for
2 flood control, navigation, irrigation, reclamation, public
3 power, sewage treatment, water treatment, watershed devel-
4 opment, or airport construction which has been damaged as
5 the result of a major disaster, and which has been specifically
6 authorized by Act of Congress, without regard to any other
7 statutory limitation on the amount which may be appropri-
8 ated in connection with such project.

9 (b) There is hereby authorized to be appropriated such
10 sums as may be necessary to repair, restore, or reconstruct
11 any public highway, road, trail, street, or bridge determined
12 by the Director of the Office of Emergency Planning to be
13 damaged or destroyed as the result of a major disaster and
14 which is not eligible for repair or reconstruction under sec-
15 tion 125 of title 23 of the United States Code. The Federal
16 share of the cost of any such repair, restoration, or recon-
17 struction shall be determined by such Director and may be
18 as much as 100 per centum of the cost thereof.

19 DUPLICATION OF BENEFITS

20 SEC. 14. The head of each department or agency of the
21 Government administering any program providing financial
22 assistance to persons, business concerns, or other entities suf-
23 fering losses as the result of a major disaster shall administer
24 such program in a manner which will assure that no such

1 person, concern, or other entity will receive such assistance
 2 with respect to any part of such loss as to which he has
 3 received financial assistance under any other such program.

Passed the Senate July 22, 1965.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To provide additional assistance for areas
suffering a major disaster.

JULY 26, 1965

Referred to the Committee on Public Works

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued August 25, 1966
For actions of August 24, 1966
89th-2nd; No. 141

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HIGHLIGHTS: Both Houses agreed to conference report on agricultural appropriations bill. House committee voted to report bill to amend Federal Seed Act and cotton processors loans bill. Rep. Dague spoke in opposition to rural community development bill. Senate committee voted to report food for freedom bill. (continued on page 5)

HOUSE

- 1. AGRICULTURAL APPROPRIATION BILL.** Both Houses agreed to the conference report on this bill, H. R. 14596. (pp. 19503-8, 19641-4). This bill now be sent to the President. (See Digest No. 140 for table showing changes agreed upon.)
- 2. RECREATION.** The Interior and Insular Affairs Committee reported with amendment S. 3510, to authorize the Secretary of the Interior to study the feasibility and desirability of the Connecticut River National Recreation Area (H. Rept. 1870). p. 19576

3. TRANSPORTATION. Received the conference report on S. 3700, the urban mass transportation bill (H. Rept. 1869). p. 19576
Began debate on H. R. 15963, to establish a Department of Transportation. pp. 19509-33
4. SEED. The Agriculture Committee voted to report (but did not actually report) H. R. 15662, to amend the Federal Seed Act. p. D801
5. COTTON. The Agriculture Committee voted to report (but did not actually report) H. R. 16888, to provide assistance to first processors of cotton who have suffered substantial losses because of the economic impact of cotton programs of this Department. p. D801
6. DISASTER RELIEF. A subcommittee of the Public Works Committee approved for full committee consideration S. 1861, to provide additional assistance to areas suffering a major disaster. p. D802
7. PERSONNEL. The Ways and Means Committee reported H. R. 16774, to continue for a temporary period certain existing rules relating to the deductibility of accrued vacation pay (H. Rept. 1885). p. 19577
The House Administration Committee voted to report (but did not actually report) S. 1474, to create a bipartisan commission to study Federal laws limiting political activity by officers and employees of Government. p. D801
8. MILITARY CONSTRUCTION. Received the conference report on S. 3105, the military construction bill, which includes a provision to reimburse CCC for family housing (H. Rept. 1887). p. 19577
9. WORLD FARM CENTER. The Agriculture Committee voted to report (but did not actually report) H. Con. Res. 313, to endorse the concept of a World Farm Center. p. D801
10. WATER RESOURCES. Agreed to the conference report on S. 3034, to authorize the Interior Department to engage in studies of the feasibility of certain water resource development proposals. pp. 19508-9
11. WATERSHEDS. Received from the Agriculture Committee work plans for various watershed projects. pp. 19499-500
12. TRAFFIC SAFETY. Conferees were appointed on S. 3005, to establish motor vehicle safety standards. Senate conferees have already been appointed. p. 19508
13. POVERTY. Rep. Sikes criticized "the reckless spending under the poverty program." p. 19500
14. RURAL COMMUNITY DEVELOPMENT. Rep. Dague spoke in opposition to S. 2934, the rural community development districts bill. p. 19501
15. FOOD PRICES. Rep. Gerald R. Ford inserted an article which criticizes Secretary Freeman's statement to Democratic congressional candidates on food prices. p. 19557
16. VEHICLES. Received from the Comptroller General a report of potential reductions in cost of automotive travel by Federal employees where use of Government-owned vehicles is feasible; to Government Operations Committee. p. 19576

Sept. 22, 1966

commodities. p. D910

Rep. May criticized the packaging and labeling bill and inserted an article which, she stated, "shows that packagers are opposed to this bill" because "it will increase the price consumers pay for packaged goods and that it will decrease consumer choice in the marketplace." pp. 22770-1

18. DISASTER RELIEF. The Public Works Committee voted to report (but did not actually report) S. 1681, the disaster relief bill. p. D910
19. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported with amendment H. R. 15335, to amend the act to establish an Advisory Commission on Intergovernmental Relations (H. Rept. 2065). p. 22797
20. RECREATION. The Interior and Insular Affairs Committee reported with amendment S. 1607, to establish the Point Reyes National Seashore, Calif. (H. Rept. 2067). p. 22798
21. RESEARCH. The Interior and Insular Affairs Committee reported with amendment S. 3460, to authorize the Secretary of the Interior to enter into contracts for scientific and technological research (H. Rept. 2068). p. 22798
22. APPROPRIATIONS. Authorized consideration of an appropriation-continuing resolution any time next week. pp. 22750-1
23. FLOOD CONTROL. Passed as reported H. R. 13825, to authorize an agreement for the joint construction by the U. S. and Mexico of an international flood control project for the Tijuana River. pp. 22760-65
24. BANKING. The Banking and Currency Committee voted to report (but did not actually report) H. R. 17899, amended, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loan associations "in lieu of S. 3158" (p. D909), and the committee was granted until midnight Sept. 24 to file a report (p. 22752).
25. WATER POLLUTION. The Rules Committee "granted an open rule" on H. R. 16076, the Water Pollution Act amendments. p. D910
26. DEMONSTRATION CITIES. The Rules Committee "granted an open rule" on S. 3708, the demonstration cities bill. p. D910
27. TAXATION. The Ways and Means Committee voted to report (but did not actually report) H. R. 17607, to temporarily suspend the investment credit and the application of accelerated depreciation. p. D910
28. CORN. Reps. Michel and Findley commended the policy statement of the Corn Refiners Ass'n. pp. 22752, 22774
29. LEGISLATIVE PROGRAM. Rep. Boggs announced that next week the House will consider the Economic Opportunity Act amendments, the investment credit suspension bill, and the Water Pollution Act amendments. p. 22765
30. ADJOURNED until Mon., Sept. 26. pp. 22765-6

ITEMS IN APPENDIX

31. WATER POLLUTION. Rep. Blatnik inserted Sen. Moss' speech, "You Can't Dilute Our Water Problems." pp. A4901-3
Rep. Stalbaum inserted Sen. Nelson's speech describing provisions of his proposed bills on water pollution. pp. A4906-7
Extension of remarks of Rep. Smith, N. Y., stating that water has become a great national problem and inserting excerpts from the Worthington Report, "Water." pp. A4940-2
32. EXPENDITURES. Extension of remarks of Rep. Pelly objecting to "excessive domestic Government spending." p. A4904
33. FARM PRICES. Extension of remarks of Rep. Quie stating that "earlier this year the Administration unfairly tried to pin the blame for mounting inflation on the farm segment of the economy. How false this charge was has since been exposed." p. A4904
34. CORN. Extension of remarks of Rep. Schmidhauser lauding the Corn Refiners Ass'n research program. p. A4916
35. REORGANIZATION. Rep. Brooks inserted his remarks before a panel discussion on the proposed reorganization of the Congress. pp. A4916-7
36. POVERTY. Extension of remarks of Rep. Fisher criticizing welfare "handouts" and the alleged misuse of food stamps by recipients. pp. A4927-9
37. CONGRESSIONAL ACCOMPLISHMENTS. Extension of remarks of Rep. Collier reporting to his constituents on the accomplishments of the 89th Congress. pp. A4934-6
38. FOOD FOR INDIA. Extension of remarks of Rep. Matsunaga stating that "agricultural technology is hopefully on the threshold of helping to meet India's critical shortage of food", and inserting an article on this subject. p. A4937

BILLS INTRODUCED

39. WATER POLLUTION. H. R. 17915 by Rep. Dingell, to consolidate water quality management and pollution control authorities and functions in the Federal Water Pollution Control Administration; to Government Operations Committee.
40. FARM LABOR. H. R. 17926 by Rep. Gonzalez, to encourage the States to extend coverage under their State unemployment compensation laws to agricultural labor; to Ways and Means Committee.
41. DISASTER RELIEF. H. R. 17930 by Rep. McDowell, to provide additional assistance for areas suffering a major disaster; to Public Works Committee.
42. RECREATION. H. R. 17933 by Rep. Stalbaum, to preserve, protect, develop, restore, and make accessible the lake areas of the Nation by establishing a national lake areas system and authorizing programs of lake and lake areas research; to Interior and Insular Affairs Committee. Remarks of author pp. 22751-

DIGEST of Congressional Proceedings

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89th-2nd; No. 164

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HIGHLIGHTS: House debated poverty bill. Both Houses passed continuing appropriations measure. Rep. Kastenmeier introduced and discussed bills to provide family farm financing, milk indemnity programs, and school lunch priorities.

HOUSE

1. POVERTY. Continued debate on H. R. 15111, to continue various programs under the Economic Opportunity Act. Agreed to several amendments regarding the Job Corps. pp. 23136-95, 23226-44
2. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 1308, continuing appropriations, pending enactment of the remaining regular appropriation bills, through Oct. 22. This measure will now be sent to the President. Rep. Mahon inserted a summary of action on budget estimates in appropriation bills during this session. pp. 23128-33, 23341-2

3. FOOD FOR PEACE. Rep. McCormack inserted a letter from Secretary Rusk favoring the conference committee's provision regarding trade with North Vietnam or Cuba in H. R. 14929, the food-for-peace bill. pp. 23127-8
4. DAIRY INDUSTRY. Rep. Randall asked consideration of the possibility of deferring dairymen from selective service. p. 23214
5. HISTORIC SITES; BANKING; TAXATION. The Rules Committee reported a resolution for consideration of S. 3035, to establish a program for preservation of additional historic properties throughout the Nation; H. R. 17899, to strengthen and regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loan associations, etc.; and H. R. 17607, to suspend the investment credit and allowance of accelerated depreciation in the case of certain real property. p. 23246
6. HOLIDAYS. The Judiciary Committee reported H. R. 15699, to establish a Commission on National Observances and Holidays to consider proposals for such occasions and make recommendations to the President (H. Rept. 2105). p. 23246
7. LANDS. The Interior and Insular Affairs Committee reported with amendment S. 1674, to authorize the Interior Department to make disposition of geothermal steam and associated resources (H. Rept. 2140). p. 23246
8. DISASTER RELIEF. The Public Works Committee reported with amendment S. 1861, to provide additional assistance for areas suffering a major disaster (H. Rept. 2141). p. 23246
9. SALT WATER; ELECTRIFICATION. The Joint Atomic Energy Committee reported H. R. 17558, to authorize the Atomic Energy Commission to enter into a cooperative arrangement for a large-scale combination nuclear power-desalting project (H. Rept. 2145). p. 23246
10. RETIREMENT. The Post Office and Civil Service Committee voted to report (but did not actually report) S. 699, to provide for inclusion of periods of reemployment of annuitants under the Civil Service Retirement Act for the purpose of computing annuities of their surviving spouses. p. D927

SENATE

11. LABOR-HEW APPROPRIATION BILL. Passed, 65-3, with amendments this bill, H. R. 14745. Senate conferees were appointed. pp. 23289-344
12. TRANSPORTATION. The Government Operations Committee reported without recommendation H. R. 15963, and with amendment S. 3010, to establish a Department of Transportation (S. Repts. 1660, 1659) (p. 23249). S. 3010 was printed in the Record and made the unfinished business (pp. 23356-63).
13. FORESTRY. Received from the Comptroller General a report on "need for effective controls over timber-cutting practices in Pacific Northwest Region, Forest Service"; to Government Operations Committee. pp. 23249-50
14. FOREIGN-AID APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 17788 (S. Rept. 1663) p. 23250

DISASTER RELIEF ACT OF 1966

REPORT

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES HOUSE OF REPRESENTATIVES

WITH MINORITY AND SUPPLEMENTARY VIEWS

ON

S. 1861

TO PROVIDE ADDITIONAL ASSISTANCE FOR AREAS
SUFFERING FROM A MAJOR DISASTER



SEPTEMBER 28, 1966.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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DISASTER RELIEF ACT OF 1966

SEPTEMBER 28, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WRIGHT, from the Committee on Public Works, submitted the following

R E P O R T

[To accompany S. 1861]

The Committee on Public Works, to whom was referred the bill (S. 1861) to provide additional assistance for areas suffering from a major disaster, having considered same, reports favorably thereon with an amendment and recommends that the bill as amended do pass. The amendment is as follows:

Strike out all after the enacting clause and insert a substitute text which is printed in the reported bill in italic type.

PURPOSE

The purpose of S. 1861, as amended, is to—

1. Provide loan adjustments where an extreme financial hardship would result to borrowers under programs administered by the Rural Electrification Administration, the Department of Housing and Urban Development, and the Veterans' Administration.

2. Provide for Federal Housing Administration-insured disaster loans.

3. Provide grants to farmers in major disaster areas to restore production.

4. Make available the civil defense communications system for use in warning of impending natural disasters.

5. Provide assistance to unincorporated communities.

6. Provide for assistance to higher educational institutions in major disaster areas.

7. Provide priority for applications for public facility and public housing assistance.

8. Provide for restoration of public facilities.

9. Provide that no duplication of benefits can be received with respect to losses suffered in disasters.

10. Provide for grant of extension of time in public land matters administered by the Secretary of the Interior.

11. Provide for coordination of effort between the Office of Emergency Planning and other Federal and State agencies concerned with disaster relief.

12. Provide for a study and investigation by the Office of Emergency Planning, in cooperation with other Federal and State agencies into measures designed to prevent or minimize personal injury or death, and loss or damage of due to forest or grass fires.

This act is made retroactive to October 3, 1964.

THE NEED FOR A DISASTER RELIEF ACT

Throughout its history, nature has struck devastating blows to the citizens of the United States through fires, floods, tornadoes, hurricanes, earthquakes, droughts, and other natural disasters.

In the early days of the Republic, the Federal Government's responsibility to assist communities in times of great disaster was recognized. For example, in the early 1800's the Congress extended the time for discharging customhouse bonds of the sufferers from the great Portsmouth fire.

However, over the years Federal assistance was restricted chiefly to special grants of money appropriated by the Congress on the occasions when a natural disaster of great magnitude occurred. At other times, agencies of the Government were granted specific authority to provide relief.

It was not until 1947 that the Federal Government laid the framework for a general policy for disaster relief. In that year the 80th Congress empowered the President to direct the Federal Works Administrator to make surplus wartime supplies available to States, local governments, and citizens in a disaster area.

The present policy for disaster relief was established by the Federal Disaster Act of 1950, Public Law 875 of the 81st Congress, which gave the President broad powers to provide immediate assistance through all departments of the Government when a major natural disaster occurs. The act authorizes the President to provide—

an orderly and continuing means of assistance by the Federal Government to States and local governments in carrying out their responsibilities to alleviate suffering and damage resulting from major disasters.

Today, there are fully half a hundred Federal agencies, bureaus, and offices which have statutory responsibility for providing disaster assistance either under the provisions of the Federal Disaster Act or under other statutes which give them specific authority in certain areas.

The continuing disasters which have struck with lightning fury in various sections of our Nation since March 27, 1964, have further emphasized the importance of the entire program of Federal participation in disaster relief. The Congress has had firsthand knowledge of all of these disasters and several in particular were of major proportions including the catastrophes suffered by the State of Alaska on

March 27, 1964; two floods and a series of tornadoes occurring in a multistate area—the Pacific Northwest floods of December and January 1964, the Upper Plains area flooding and the Indiana, Michigan, Illinois, and Ohio tornadoes of late April 1965.

The Alaska earthquake, the Pacific Northwest floods, and the Midwest floods and tornadoes have given the Congress significant experience in working with Public Law 81-875, the National Disaster Act. Public Law 81-875 has proven to be an effective instrument in dealing with many aspects of a natural disaster.

Under its terms, a presidential determination that a "natural disaster" has occurred immediately brings into play the President's Office of Emergency Planning. Through the OEP, the President can order any agency of the Federal Government to lend, donate, lease, or sell equipment, supplies, facilities, personnel, and other resources to State and local governments in a disaster-stricken area. In addition, provision is made for assistance in restoring public facilities, clearing debris, and providing emergency housing.

Public Law 81-875 also provides for the immediate reconstruction or restoration of all Federal facilities damaged or destroyed in any major disaster. The cost of the work can be paid from "any available funds not otherwise immediately required." Provision is also made for the President to devote to disaster relief any funds which he has available. Broad authority is granted all Federal agencies to acquire, rent, or contract for equipment, services, supplies, travel, communication, and administrative assistance required in the emergency without regard to the civil service laws.

All of these activities are administered by the President through the extraordinary efficiency of the Office of Emergency Planning, and are supplemented by the work of a multitude of other Federal agencies.

As effective as is Public Law 81-875, it is limited. Even when it is applied on a full scale there has been need to introduce special legislation to handle disaster-created problems, the solutions to which were clear through requiring special legislative authority. Of special note are the Federal loan adjustment provisions of the Alaska, the Pacific Northwest, and the proposed Midwest relief bills. Other recent disaster relief proposals have provided long-term, low-interest, refinancing of outstanding mortgage obligations.

In each case there were certain geographical peculiarities and special needs that required individual consideration by the Congress. It is obvious that, as new disasters inevitably strike across the country in the years to come, special legislation will continue to be required to handle local situations.

Many of the disaster-related problems which had to be treated through special legislation could be handled more quickly and efficiently if Public Law 81-875 is supplemented by the terms of S. 1861. If S. 1861 is enacted into law then special concentration can be placed on treating special peculiarities of the affected regions rather than a long-range effort to have to concern ones-self with special one-time amendments to Farmers Home Administration legislation, Rural Electrification Administration legislation, Housing and Home Finance Agency legislation, Veterans' Administration legislation, Small Business Administration legislation, and Federal Housing Agency legislation.

Passage of S. 1861 by the Congress would make more efficient the administration of Public Law 81-875 by the Office of Emergency

Planning and the great number of other Federal and State agencies which inevitably become involved in handling the problems created by any major natural disaster.

This is what the committee seeks to bring about in reporting S. 1861. The committee intends to find a more effective response to natural disasters. Relief through Federal and State agencies, even if it involves vast amounts of money and large numbers of people, is of decreased value if it arrives after a disaster-stricken people have been forced to work out what solutions they can under existing law. What good does a 30-year, 3-percent refinancing do a man who, because of the press of his creditors, has had to go into bankruptcy and surrender to the trustee in bankruptcy all but a few hundred dollars of his personal belongings and the tools of his trade? For him relief is too late no matter how liberal the terms. As in the case of justice, disaster relief delayed is quite often relief denied.

S. 1861 is a determined effort to make many of these needs that the people and the businesses of a disaster stricken area require immediately available so the full benefit of their application can be brought into being at once and the area can move that much more quickly to restore itself to its normal way of life.

COMMITTEE HEARINGS

During 4 days of public hearings (Oct. 14 and 15, 1965, and July 19 and 20, 1966) before the Subcommittee on Flood Control, House Committee on Public Works, 26 witnesses appeared and testified on the many facets of S. 1861. An additional 23 witnesses made their opinions and positions known through submission of written statements, while 10 Federal agencies submitted reports and analyses concerning S. 1861. Each of these 59 presentations received complete and careful attention from the subcommittee.

COMMITTEE VIEWS

The committee hopes that S. 1861, as amended, and submitted to the House of Representatives, will receive the support it deserves, as an act designed to fill the voids and gaps in current legislation in the area of disaster relief. By tradition, and with compassion, the Congress of the United States has never shirked its responsibilities when communities of this country suffer the disastrous effects of a natural calamity.

If this legislation is passed in its current form, almost every conceivable avenue of assistance (aside from a Federal insurance program for disaster victims which is under study at this time) will be available for immediate implementation. It is the urgency and immediacy which is recognized in this approach to disaster relief; help and assistance should be available and utilized during and right after a natural disaster, not months later.

Although eventual assistance may resolve many of the problems faced by victims of disasters, human suffering can be held to a minimum when prompt action and help is forthcoming from local, State, and Federal agencies. S. 1861, as amended, would go far toward providing this prompt action and assistance.

MONETARY AUTHORIZATION

S. 1861, as amended, provides for no specific dollar authorization, the exact amount of funds needed being determined by the magnitude of the disaster damage inflicted. Experience has taught us that natural disasters will continue to occur. They strike swiftly and unexpectedly. There is no possibility of determining the exact amount of funds that will be needed to bring relief to a disaster stricken area.

EXPLANATION OF THE BILL

Section 2.—Defines the term “major disaster” to be one declared by the President pursuant to the Act of September 30, 1950, as amended (42 U.S.C. 1855–1855g).

Section 3.—This section under subsections (a), (b), and (c) provides relief to individuals, groups and businesses having loans made by the Rural Electrification Administration, the Housing and Home Finance Agency, and the Veterans’ Administration. The relief is through adjustment, or readjustment of the schedules for payment of principal and interest, and refinancing of notes and extensions of maturity dates.

Under subsection (a) in the case of programs administered by the Rural Electrification Administration the Secretary of Agriculture is authorized to adjust and to readjust the schedule for payment of principal and interest on loans to borrowers under programs administered by the Rural Electrification Administration. The Secretary of Agriculture may extend the maturity dates of such loans to a period not beyond 40 years from the dates of such loans.

Under subsection (b) in the case of any loan made by the Department of Housing and Urban Development or its predecessor in interest or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955 the Secretary of Housing and Urban Development where he finds such steps necessary may refinance any note or obligation held by him. The interest rate on any note or obligation refinanced by the Secretary of Housing and Urban Development may be reduced to a rate not less than a rate determined by the Secretary of the Treasury based on current marketable obligations of the United States less up to 2 per cent per annum, and the term thereof may be extended for such period as will provide a maturity not to exceed 40 years. In addition the Secretary of Housing and Urban Development is authorized to suspend the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed 5 years if he determines that such action is necessary to avoid severe financial hardship.

Under subsection (c) the Administrator of the Veterans’ Administration is authorized to refinance any loan made or acquired by the Veterans’ Administration where he finds such refinancing necessary. The interest rate on any loan refinanced by the Administrator of the Veterans’ Administration may be reduced to a rate not less than a rate determined by the Secretary of the Treasury based on current marketable obligations of the United States less up to 2 per cent per annum. The term of such loan may be extended by the Administrator for a period as will provide a maturity of not to exceed 40 years and the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity

of any such loan for a period not to exceed 5 years if he determines that such action is necessary to avoid severe financial hardship.

Section 4.—This section permits disaster victims to qualify for the same assistance with respect to FHA insurance on housing as is now available to moderate and low-income families displaced by urban renewal under the terms of section 221 of the National Housing Act.

Section 5.—This section authorizes the Secretary of Agriculture to make grants to farmers to replace income producing livestock which are injured or killed as a result of a major disaster occurring before January 1, 1969, and income producing crops which are damaged or destroyed as a result of a major disaster occurring before January 1, 1969. This relief is available only in those cases where both a farmer is unable to qualify for loans to replace livestock or growing crop losses as a result of the disaster and where insurance against such loss of livestock or growing crops was not available at reasonable rates. The amount of grant to be authorized under section 5 is limited to two-third's of the total loss suffered by the farmers in the case of either income producing livestock or income producing growing crops and in any event the amount of such grant shall not exceed \$10,000. Crops the committee considers to be any growing thing a farmer produces to earn an income. Fruits, vegetables, timberland, etc., are all intended to be covered by this section. Further, the phrase in subsection (c) that reads: "The Secretary (of Agriculture) is authorized to impose such reasonable terms and conditions on the making of such grants as he determines necessary * * *" is intended to charge him with the responsibility of insuring all such grants will only be made to those farmers who are found to have suffered losses due to the natural disaster, not to their negligence.

While it is hoped a future Congress will resolve the problem of over-all flood insurance and it is anticipated that the crop insurance program will increase throughout the years the need for immediate relief in the situations covered by section 5 as regards income producing livestock and income producing crop damages is of such a nature that the committee feels strongly that positive action at this time must be taken until a new program can be developed in the near future. This is the reason for the inclusion in this section of the cutoff date of January 1, 1969.

The committee feels that the relief granted under section 5 of the legislation is needed and necessary because the problem of food and fiber supply is absolutely basic when one considers a disaster in any area of our country. The local food supply and capability must be restored at once Section 5 would help accomplish this purpose.

Section 6.—This section permits the Secretary of Defense to utilize and make available to other agencies the civil defense warning system to warn of impending disasters. This system ties into the nationwide Natural Disaster Warning System (Nadwarn) of the Environmental Science Services Administration of the Department of Commerce.

Section 7.—Subsection (a) of section 7 broadens the coverage of the Federal Disaster Act to make eligible for assistance under this act unincorporated communities for which applications for assistance are made by a State or local government or governmental agencies.

The relief available for the unincorporated communities under subsection (a) of section 7 may be applied for by any organized governmental unity from the State level down. For example, any unincorporated community within a county could be eligible for relief

under subsection (a) of section 7 if application for assistance for the unincorporated community is made by the county government wherein the unincorporated community is located.

Subsection (b) of section 7 also amends the Consolidated Farmers Home Administration Act of 1961 to enable the making or insuring of loans for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities to associations, public, quasi-public, and nonprofit corporations providing community services in rural areas when such services are needed to rebuild a community.

It authorizes 50 percent construction grants for waste disposal systems, water systems, and other public facilities if the user charges to repay a loan would need to be beyond the ability of the majority of the users to pay, and if these charges would be above average for comparable communities in the State.

During its deliberations the committee gave particular attention to subsection (b) of section 7. It wishes to make it crystal clear in this report that the relief available under this subsection is available only for those public facilities which have been damaged or destroyed as a result of a major disaster. Further in amending section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended, (7 U.S.C. 1926) the committee intends to make it clear that while the overall monetary limitation of \$50 million for any one fiscal year as now provided in existing law does not apply to this new subsection (c), the limitation that no loan or grant for an individual project shall be made under section 306 of the Consolidated Farmers Home Administration Act of 1961 in an amount greater than \$4 million does apply to this new subsection (c).

It is the committee's intent to assist these communities to rebuild where, as a result of a disaster, they are partially destroyed and the prospects of rebuilding are diminished as a consequence of the needed facilities not being available. It is believed by making these facilities available the community has a better opportunity once again to achieve the status it enjoyed prior to the disaster. Furthermore, should these facilities not be made available, those remaining individuals and business concerns surviving the disaster would conceivably suffer due to outmigration of disaster victims to other areas offering the facilities and services in question. It is believed that by including this section of the act the prospects for a faster and more complete recovery of the disaster area are greatly enhanced.

Section 8.—This section in S. 1861 as it passed the Senate provided for assistance to public primary and secondary schools in disaster areas. Since these provisions are now included in Public Law 89-313, this section was amended to provide for similar assistance to public junior colleges, colleges and universities, through amending the Higher Education Facilities Act of 1963. Additionally, section 7 of the Small Business Act would be amended to permit loans to privately owned schools, colleges, and universities. This provision follows closely that contained in the Hurricane Betsy bill of 1965, Public Law 89-339.

Section 9.—This section provides that priority be given to public bodies located in major disaster areas making application for assistance under the public facilities loan programs and public housing programs of the Department of Housing and Urban Development.

It is the committee's intent that applications received from disaster areas will receive first consideration regardless of the number of pending applications as immediate consideration is necessary to alleviate the hardship and suffering of the victims of such disaster areas.

The programs covered by this section include title II of the Housing Amendments of 1955, or any other act providing assistance for the repair, construction, or extension of public facilities; section 702 of the Housing Act of 1954; section 702 of the Housing and Urban Development Act of 1965; section 306 of the Consolidated Farmers Home Administration Act and under the United States Housing Act of 1937 for the provision of low-rent housing.

Section 10.—The purpose of this section is to repair, restore or reconstruct any project of a State, county, municipal or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster up to 50 per centum of eligible costs. Eligible costs would be defined by the Director of the Office of Emergency Planning. Included are projects under construction, as well as those already completed. Reimbursement will be made the local government concerned. Should the economic burden of such reconstruction, repairs, restoration, or completion be incurred by an individual, partnership, corporation, agency or other entity (other than an organization engaged in the business of insurance), the local government shall reimburse the person or persons not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received from other sources by the party incurring the economic burden of such costs. Applications for reimbursement eligible under section 10 will be made by the State in which the disaster occurred to the Office of Emergency Planning in the same manner as applications for other assistance under Public Law 81-875, in accordance with regulations issued thereunder and the disaster agreement between the State and the Federal Government.

Section 11.—This section provides that no assistance may be duplicated for any part of a loss a victim may suffer as a result of a major disaster. This means that the head of each department or agency of the Federal Government administering any program providing financial assistance as a result of a major disaster will make certain the assistance being provided by the particular department or agency has not already been given to the disaster victim under another program.

Section 12 protects those persons who hold licenses, permits, leases, contract or entry to lands under the jurisdiction of the Bureau of Land Management, Department of the Interior. It authorizes the Secretary of the Interior to grant extensions of time to qualified disaster victims who, through no fault of their own, and due to such disasters, cannot meet those time requirements set down by law.

Section 13 provides for closer coordination and planning by the Office of Emergency Planning (at the direction of the President), with other Federal and State agencies to assure a maximum degree of efficiency in the development of disaster planning.

Section 14 provides that the Office of Emergency Planning survey and study the need for additional or improved air operations which are needed to prevent or minimize the personal injury or deaths and property damage which could result from grass or forest fires. In

conjunction with the Secretary of Agriculture, the Secretary of the Interior, and other Federal agencies, the Office of Emergency Planning should make a full and complete review of the current situation and make recommendations on how best to cope with this form of natural disaster. The Office of Emergency Planning is directed to report its findings to the Congress.

Section 15 provides that the bill be effective October 3, 1964. This date was recommended by the Bureau of the Budget. It will cover the following national disasters that have been declared to be such by the President since that date:

Natural disasters declared by the President, Oct. 3, 1964, to June 29, 1966

Contract No.	Date of declaration	Type	State	Congressional districts
178	1964 Oct. 3	Hurricane Hilda.....	Louisiana.....	1st. 2d. 3d. 6th.
179	Oct. 13	Severe storms and flooding.....	North Carolina.....	1st. 2d. 3d. 4th. 10th. 11th.
180	Nov. 4	Flooding.....	Georgia.....	9th.
181	Dec. 10	Typhoon Louise.....	Trust Territory of the Pacific.	
182	Dec. 18	Severe winter storm.....	Montana.....	2d.
183	Dec. 24	Severe storms, heavy rains, and flooding.....	California.....	1st. 2d. 3d. 4th. 15th.
184	...do...	...do.....	Oregon.....	1st. 2d. 3d. 4th.
185	Dec 29	...do.....	Washington.....	3d. 4th. 5th. 6th. 1st.
186	Dec. 31	...do.....	Idaho.....	
187	1965 Jan. 18	...do.....	Nevada.....	1st.
188	Apr. 11	Storms and flooding.....	Minnesota.....	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th.
189	Apr. 14	Tornadoes and severe storms.....	Indiana.....	2d. 3d. 4th. 5th. 6th.
190	...do...	...do.....	Michigan.....	2d. 3d. 4th. 5th. 7th. 8th.
191	...do...	...do.....	Ohio.....	4th. 5th. 6th. 8th. 9th. 13th. 14th. 18th. 20th. 21st. 22d. 23d.

Natural disasters declared by the President, Oct. 3, 1964, to June 29, 1966—Con.

Contract No.	Date of declaration	Type	State	Congressional districts
192	1965 Apr. 21	Tornadoes and severe storms-----	Wisconsin-----	1st. 2d. 3d. 6th. 7th. 9th. 10th.
193	Apr. 22	Flooding-----	Iowa-----	1st. 2d. 3d. 4th. 5th. 6th. 7th.
194	Apr. 24	Tornadoes, severe storms and flooding-----	Illinois-----	12th. 16th. 19th. 20th.
195	May 10	Flooding-----	North Dakota-----	1st.
196	May 11	Earthquake-----	Washington-----	1st. 2d. 3d. 6th. 7th.
197	May 26	Flooding-----	South Dakota-----	2d.
198	June 14	do-----	Missouri-----	9th.
199	June 19	Tornadoes and flooding-----	Texas-----	3d. 6th. 16th. 19th.
200	do-----	Tornadoes, severe storms and flooding-----	Colorado-----	1st. 2d. 3d. 4th.
201	June 23	Flooding-----	Kansas-----	1st. 4th. 5th.
202	July 1	Severe storms and flooding-----	New Mexico-----	1st. 2d.
203	July 27	do-----	Missouri-----	4th. 5th. 6th. 8th.
204	Aug. 18	Water shortage-----	New York-----	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 11th. 12th. 13th. 14th. 15th. 16th. 17th. 18th. 19th. 20th. 21st. 22d. 23d. 24th. 25th. 26th. 27th. 28th.

Natural disasters declared by the President, Oct. 3, 1964, to June 29, 1966—Con.

Contract No.	Date of declaration	Type	State	Congressional districts
205	1965 Aug. 18	Water shortage.....	New Jersey.....	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 11th. 12th. 13th. 14th. 15th.
206	do.....	do.....	Pennsylvania.....	1st. 2d. 3d. 4th. 5th. 6th. 7th. 8th. 9th. 10th. 15th.
207	do.....	do.....	Delaware.....	1st. 2d. 3d. 5th. 6th. 8th.
208	Sept. 10	Hurricane Betsy.....	Louisiana.....	1st. 2d. 3d. 5th. 6th. 8th.
209	Sept. 14	do.....	Florida.....	3d. 4th. 6th. 11th.
210	Sept. 25	do.....	Mississippi.....	3d. 5th.
211	Dec. 7	Heavy rains and flooding.....	California.....	13th. 33d. 34th. 35th. 36th. 37th. 38th.
212	1966 Jan. 22	Severe storms and flooding.....	do.....	1st.
213	Feb. 10	Typhoon.....	American Samoa.....	
214	Mar. 14	Flooding.....	Georgia.....	1st. 2d. 3d. 7th. 9th. 10th.
215	Mar. 22	do.....	Minnesota.....	6th. 7th. 8th.
216	Mar. 23	do.....	North Dakota.....	1st.
217	Apr. 30	do.....	Arizona.....	1st. 2d. 3d.
218	May 12	Storms and flooding.....	Texas.....	1st. 3d. 4th. 5th. 6th. 7th.
219	June 10	Tornadoes.....	Kansas.....	2d.

AGENCY VIEWS

Letters from the Federal agencies expressing views on S. 1861 and on H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919, similar bills to the reported bill, S. 1861, follow.

The committee has given the views careful consideration and has incorporated a number of the suggestions made by these views in the reported bill.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., September 2, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for the Bureau of the Budget's views on H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919, entitled the "Disaster Relief Act of 1965".

Section 3 of these bills (Federal loan adjustments) provides helpful assistance in refinancing certain loans in major disaster areas. However, sections 3(d) and 3(e) permit the Small Business Administration and the Farmers Home Administration to waive the required findings that credit is not available from other sources before making disaster loans. In our view, this new authority seems undesirable. As a general policy, this Administration discourages Federal competition with private suppliers of credit whenever such credit is available at reasonable cost to the borrower. We believe that private participation in rehabilitation of disaster damages would be promoted by striking these provisions from the bill.

Section 4 (grants to States for assistance to homeowners and businesses) is a constructive approach, we believe, to providing needed aid for private property owners suffering losses in major disasters in situations where credit assistance is inadequate. We would recommend, however, the following revisions to provide a more equitable allocation of responsibilities between the Federal Government, the States, and the private groups involved:

(a) Not only should private property owners be made ineligible for participation in a State program if the losses incurred are less than 5 percent of the value of the property or \$100, whichever is greater, but also the full amount determined by this formula should be deducted from the loss otherwise eligible for sharing from State and Federal sources.

(b) Eligibility for assistance should be limited at this time to real property damage. Appraising losses on personal property would create serious administrative difficulties, and the problems and possible inequities in covering such property need further study and evaluation.

(c) Beneficiaries of federally assisted State programs, who are eligible for State and Federal grants up to almost 75 percent of the loss, should be made ineligible for Federal loans at subsidized interest rates. This would sharply reduce the substantial budget expenditures and heavy administrative costs involved in making and servicing a large number of relatively small long-term loans at low interest rates, which cannot be resold to private investors. The increased funds provided by Federal and State grants should reduce the remaining credit needs,

so that private loans should be readily available with or without Federal guarantees.

(d) Federal assistance should be made available only when and where substantial losses in total in any given State place an undue strain on State and private resources. As one possible amendment, Federal aid could begin only after a State has provided assistance in any 12-month period equal to a minimum of 0.0001 percent of the total of personal incomes in that State. Under such a requirement, California would have to spend about \$5 million before becoming eligible for Federal contributions, while Michigan might qualify after an expenditure of \$2 million and Rhode Island after \$200,000.

(e) State programs eligible for Federal assistance should not necessarily be limited to losses in major disaster areas proclaimed by the President. Private property owners should be able to obtain protection against noninsurable disaster losses, whether or not they occur within the boundaries of a specific major disaster area.

(f) Section 4(b)(2) appears to need clarification. We assume that the intent of the bill is to have losses covered by section 4 shared three ways: 25 percent by the party suffering the loss, 25 percent by the State, and 50 percent by the Federal Government. The language of section 4(b)(2), however, might limit the Federal share to 50 percent of the combined Federal-State share rather than $66\frac{2}{3}$ percent of the combined share as was apparently intended. We assume that the Federal Government would pay its costs of administering this section and each State would be responsible for its administrative costs.

(g) Section 4(c)(9) provides that the State, as part of its disaster assistance plan, shall "set forth such further information as the President may by regulation require." In its report, the Housing and Home Finance Agency recommends that this subsection be broadened to give the President the flexibility to prescribe "further criteria" which shall be incorporated in the State plan. We believe this is a highly desirable addition and also recommend its inclusion.

The only authority provided in section 5 (shelter for disaster victims) which is not already available under existing law is the authority to acquire and rehabilitate real property to meet temporary shelter needs. The Office of Emergency Planning and this Bureau strongly oppose legislation which would encourage the use of such an emergency program as a method, through property acquisition, of accomplishing longrun housing objectives. Extensive aids are now being provided to help meet such longrun housing needs and further major improvements are authorized in the recently enacted Housing and Urban Development Act of 1965. We believe that the authority now available to OEP to provide temporary emergency shelter, together with the provisions in sections 6 and 12 of this legislation which give special housing preferences to disaster victims, make section 5 wholly unnecessary.

The new section 7 (assistance to farmers in major disaster areas) authorizes Federal grants to restore damaged farmland and livestock to normal productive capacity. The Secretary of Agriculture under the emergency conservation measures program now helps farmers and ranchers to restore the productive capacity of farmland by financing 80 percent of the cost of removal of debris, restoring fences, deep plowing to remove sand, and similar practices. Through emergency and operating loans, emergency feed assistance, etc., he can help farm-

ers who have suffered livestock losses. In the light of these facts, we question the necessity for the additional authority.

The first paragraph of section 9(a) (assistance to unincorporated communities) makes unincorporated communities eligible for assistance under the Federal Disaster Act (Public Law 81-875). We understand that where such communities suffer disaster damage they can either qualify as local governments of a State under existing law or another governmental entity, such as the county, can act as the sponsor for Federal assistance. In any event, we believe that some form of government sponsor is necessary to insure sound administration of the various disaster aids, and, accordingly, we recommend against inclusion of the language in the first paragraph.

The second paragraph of section 9(a) provides for direct and insured loans, together with construction grants, which largely duplicate existing authority of the Department of Agriculture and the Housing and Home Finance Agency. HHFA can make direct loans to any public agency or nonprofit agency in any area (including unincorporated communities) for all facilities covered by this section. In addition, it can make 50 percent grants to public agencies in any community for construction of water and sewerage facilities.

The only new authorities in section 9 which are not already available are the provision of grants (1) to nonprofit private corporations, and (2) for revenue-producing public facilities other than water and sewerage. Preferably Federal grants for public works should be confined to responsible public agencies. We have no firm idea of the need for either loans or grants for the purposes which would be authorized by this section. If convincing needs, however, can be demonstrated for these authorities in disaster situations, we again recommend that they be vested in the Housing and Home Finance Agency, which has primary responsibility for these types of programs.

As our earlier letter on H.R. 7898 and related bills indicated, the disaster aids which would be provided by section 10 (construction and operating assistance for public schools) are, in the case of construction assistance, already mostly available under OEP's present disaster relief program. We believe that OEP should continue to provide this assistance as part of its general responsibility for restoring damaged public facilities. In the case of operating assistance for schools, the effect of which would be to extend Federal aid into a major new area, the needs are not likely to be so large or so long lasting that they cannot be provided from non-Federal sources. In addition, other Federal aids proposed in this bill are likely to provide a stimulus to economic activity in the communities suffering from disaster. Accordingly, we do not believe there is adequate justification for opening up a wholly new type of Federal disaster assistance.

Subsection (a) of section 11 (highway assistance in disaster areas) authorizes the Secretary of Commerce to pay "as much as 100 percent" of the cost of repairs and restoration of damaged Federal-aid highways. The Senate committee's report on S. 1861 indicates that that committee expects the Federal Highway Administrator to establish some uniformity or criteria for determining the amount of Federal participation and suggests certain criteria.

We believe there are sound reasons for continuing a requirement for State matching for disaster repairs as well as original construction. The tradition of matching is well established and disaster repairs can be anticipated and provided for like other repairs. If a Federal-aid

highway is reconstructed after being damaged by a disaster, it is rebuilt to current standards and current estimates of needs and is not simply a replacement in kind of the preexisting highway. The cost of these improvements should be shared in the usual manner. Also, lack of cost sharing can lead to abuses and loose practices with regard to keeping costs down, inspections, etc.

As we indicated earlier in reporting to your committee on H.R. 7898 and related bills, we believe the revised sharing formula authorized by Public Law 88-658 is equitable and should be continued. Accordingly, we recommend against inclusion of section 11(a).

Section 11(b) provides for a permanent increase in the emergency highway fund to \$50 million and for the appropriation of the amounts expended from that fund from the general fund of the Treasury. We favor the increase in the emergency fund to \$50 million but would object to charging all of the expenditures from this fund to the general fund.

We believe that repairs or reconstructions of highways on the Federal-aid system necessitated by disasters are an integral part of the cost of the system, are a foreseeable element of cost, and should be charged to the highway trust fund as are the original construction costs. Under existing law, \$30 million annually is available from the highway trust fund for this purpose. As indicated above, we favor increasing this amount to \$50 million on a permanent basis.

We recognize, however, that disaster-related repairs to certain federally constructed highways, such as forest highways, may also be charged to the emergency highway fund and paid for out of the highway trust fund under present law. Since the original construction of these highways is financed out of the general fund, we would not object if Congress deemed it appropriate to have the general fund reimburse the emergency highway fund for costs of repair or reconstruction to those classes of highways whose construction is normally financed out of the general fund.

The new section 12 (priority for certain applications for public facility and public housing assistance) requires that applications by public bodies in disaster areas receive priority under the public housing and public facility loan programs of the Housing and Home Finance Agency. Also, we recommend extension of such priority consideration to grants for public facilities under section 602 of the Housing and Urban Development Act of 1965, to loans for water distribution pursuant to section 306 of the Consolidated Farmers Home Administration Act, and to other federally assisted programs that the President may designate as appropriate for this purpose.

Section 13 (authorization for public works expenditures) is a new section on which we have not commented before. Section 13 (a) would authorize appropriations to repair, restore, or reconstruct any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction, which has been damaged by a major disaster and which has been "specifically authorized by act of Congress." Section 13(b) would authorize appropriations to repair, and so forth, any public highway, road, trail, street, or bridges (up to 100 percent of the cost) which is not eligible for repair or reconstruction under section 125 of title 23 of the United States Code.

We are not clear on the intent or need for this section. We believe that Federal agencies should have the necessary authority to secure appropriations for the repair of Federal facilities which are in being and are damaged by a natural disaster, but we are not aware of any deficiencies in this area. The Federal Disaster Act (Public Law 81-875) provides for assistance to State and local governments for their public facilities (including highways and streets, et cetera), which may be damaged. With respect to Federal, State, and local public works in being, therefore, we question whether there is need for section 13.

If the purpose of section 13(a) is to extend disaster assistance to private, nonprofit owners of federally aided projects (watershed development, for example), we would question whether these owners should receive special treatment, rather than receiving the same benefits as other private owners under section 4 (the loss sharing program). Similarly, if the effect of section 13(a) is to prevent users of revenue-producing public works from bearing any of the loss from disasters, we would question the equity of this result and suggest further study before a decision is reached.

Section 13(a) also covers public works as defined therein which are under construction. We have not had an opportunity to review in detail existing Federal agency policies for handling situations where projects under construction are damaged in natural disasters. We would urge, however, a thorough review of existing policies and practices and a weighing of the equities before committing the Federal Government to a broad, undefined policy of repairing or restoring projects which are damaged while under construction.

Finally, we should note that we see no logical basis for the specific public works which are included in section 13(a). The list appears to include both direct Federal construction and Federal grant-in-aid projects; yet many other kinds of projects in both categories are omitted. Also, the language is ambiguous on the question of whether the projects involved must be specifically authorized by an act of Congress or only a program for such projects. If the former is the case, sewage treatment and watershed development, for example, are not appropriate for inclusion in the list.

For the above reasons, we recommend against the inclusion of section 13 in the bill.

As a final comment, we note that the bill is silent on the question of the effective date of the various provisions (except for section 10 which becomes effective on date of enactment). We believe this question should be clarified either in the bill or in the legislative history. If the intent is to make disaster losses which occurred earlier than the date of enactment of the bill eligible for the assistance authorized by it, we believe a recent date should be chosen. We would recommend the last day of the 88th Congress (Oct. 3, 1964) as appropriate for this purpose on the basis that any disasters which occurred prior to that date were or could have been covered by legislation enacted by the 88th or earlier Congresses.

In summary, we agree with the major objective of these bills in providing more effective Federal assistance to private persons and groups stricken by disaster but strongly oppose certain provisions of the bill and recommend changes in others. If amended along the

lines recommended above, these bills would be consistent with the administration's objectives.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., September 2, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for comments on H.R. 9885, H.R. 9890, H.R. 9888, and H.R. 9919, 89th Congress, bills, to provide additional assistance for areas suffering a major disaster.

Many of the provisions of these bills provide for liberalization of existing Federal programs in the event of a major disaster. Section 3 of the proposed bills would authorize low-interest, long-term refinancing of loans under existing Federal loan programs. Section 6 amends the National Housing Act to permit disaster victims to qualify for the same assistance as now is available to moderate income and displaced families as a result of urban renewal or other Government action. With regard to such existing Federal programs, we favor legislation which would provide for their liberalization in the event of a disaster. However, as to the effectiveness and uniform application of this legislation we defer to the views of the agencies charged with the administration of the programs.

Section 4 provides for a loss-sharing approach to aid the private sector with authority for such a program vested in the President. Our experience in Alaska and elsewhere has suggested that the most liberal credit assistance cannot alone provide adequate aid for private disaster victims in cases where damages are large and/or borrowers are heavily indebted. We therefore favor a loss-sharing approach for aid to the private sector along the lines suggested in section 4 where private insurance is not available at reasonable rates. We believe it is proper that the authority for the program be vested in the President and that he be given adequate flexibility to administer this program in the most effective manner.

We believe that the committee will wish to consider whether homeowners and businesses who have suffered losses from other than "major disasters" should also be eligible for assistance under section 4. Oftentimes these individuals suffer as great a loss as those who would be eligible for assistance under that section.

We also believe that assistance under section 4 should be limited to real property damage. The administrative problems connected with providing assistance for personal property loss would be great and difficult to overcome.

Finally, we would hope that the committee will review this section from the standpoint of insuring that the States and private property owners are required to contribute an equitable share toward their own relief.

Section 5 authorizes the President to provide emergency dwelling accommodations for an individual or family in the event of a disaster. The housing could be provided by "acquisition, acquisition and rehabilitation or lease." Reasonable rentals would be established under rules and regulations of the President. The Federal Disaster Act (Public Law 81-875) currently provides for temporary housing or emergency shelter for families displaced as a result of a major disaster. Moreover, the only real difference between the proposal and existing authority is that real estate is not acquired under Public Law 81-875, whereas acquisition is provided under the proposed section. We oppose the use of an emergency housing program to meet permanent shelter needs. In addition, lack of authority to acquire realty has never been an obstacle in the past to providing emergency housing under Public Law 81-875. It thus appears that the purpose of section 5 is now being accomplished under Public Law 81-875.

Section 8 would authorize the Secretary of Defense to use the civil defense communications system to provide warnings of imminent disasters. We believe the use of the warning system would be appropriate. According to our information, the system is being used for this purpose in many areas and therefore, we defer to the Department of Defense as to the necessity for this provision.

Section 9(a) would amend Public Law 81-875 to make unincorporated and rural communities eligible applicants under the Federal disaster program. Essential public facilities, located in unincorporated or rural communities are now eligible for assistance under the authority of Public Law 81-875 and no amendments to Public Law 81-875 is necessary. Therefore section 9(a) should be stricken. Section 9(b) provides that unincorporated and rural communities be able to rebuild community facilities by receiving or having loans insured by the Secretary of Agriculture. He is also authorized to make grants not to exceed 50 percent of cost where repayment of an existing loan would create a hardship to users of the facility. We understand that most of the additional authority of this section has been provided by recent housing legislation (Housing and Urban Development Act of 1965) and we, therefore, see no need for section 9(b). However, we defer to the views of the program agencies and the Bureau of the Budget on this point.

Section 10 would provide financial assistance in the construction of elementary and secondary schools in areas affected by a major disaster. There is also provision for assisting with the maintenance and operating expenses of schools in these areas. Federal funds are currently available under Public Law 81-875 for the repair or replacement of damaged and destroyed public schools. We have no indication that schools have been unable to resume operation following such repairs or replacements.

Section 11 would authorize the payment of 100 percent of the cost of emergency repair and reconstruction of any Federal-aid highway. Congress has enacted a bill (Public Law 88-658) which provides for Federal participation in the Federal-aid highway system on the same sliding scale as initial construction. This legislation is less than 1 year old and appears to be fair and reasonable.

Subsection (a) of section 13 would authorize the repair or reconstruction of certain types of congressionally authorized public works projects completed or under construction which have been damaged or destroyed by a major disaster. Subsection (b) would authorize

the Director of the Office of Emergency Planning to allocate funds, up to 100 percent of cost, for the repair of public streets, roads and bridges not otherwise eligible for emergency repair under 23 U.S.C. 125. We are not at all sure of the purpose or intent of subsection (a). It would appear that the subsection is aimed at specific federally authorized public works projects. On the other hand, the subsection could be interpreted as providing assistance to projects developed as a result of a Federal program. In addition, a project such as one for "sewage treatment" or "airport construction" is usually authorized by a State or local government, and would be eligible for assistance under Public Law 81-875. Similarly, the Office of Emergency Planning has current authority to make temporary and emergency repairs to the facilities covered by section 13(b). We do not therefore believe this subsection is necessary since current repair and replacement work under Public Law 81-875 has been shown to be adequate. In view of the ambiguities in subsection (a) and the lack of need for subsection (b), we object to this section of the bill.

Section 12 would aid areas suffering the effects of a major disaster by authorizing priorities to certain applications for public facility and public housing assistance. Section 14 provides for the administration of Government programs in a manner which would avoid duplication of disaster assistance benefits. We believe both sections are useful additions to the overall legislation.

Taken as a whole, and subject to the above comments, we favor the objectives of the proposed bills.

From the standpoint of the administration's program, the Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely,

FRANKLIN B. DRYDEN
(For Buford Ellington, Director).

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, August 31, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of August 2, 1965, requesting a report on H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919 which are comparable bills to provide additional assistance for areas suffering a major disaster. These bills are identical to S. 1861 as passed by the Senate and referred to your committee.

The Department favors the purpose and intent of these bills and, subject to modifications suggested below, recommends passage.

There are several provisions affecting agriculture on which we wish to comment and to which we wish to be sure that your committee fully understands the effects of the language in this bill. We also wish to make the following comments and suggestions for changes in wording which we feel would improve the agriculture sections of this bill.

Section 3(a) authorizes the Secretary to adjust schedules for payment of principal and interest on REA loans when borrowers repay-

ment ability has been affected by a major disaster. The language included is that suggested by this Department.

Section 3(e) of the bill would authorize the Farmers Home Administration to make emergency loans not to exceed \$30,000 for the repair, replacement, or rehabilitation of property damaged or destroyed by a major disaster without regard to an applicant's ability to obtain credit elsewhere. This provision is inconsistent with the supplementary credit philosophy and statutory eligibility requirements for all Farmers Home Administration lending programs. The Department feels that Government funds should continue to be loaned only to applicants who are unable to obtain credit from other sources.

Section 4: We believe that farmers should be included along with "homeowners and business concerns" as eligible for assistance under provisions of this section. We propose inserting "farmers" after "homeowners" to make this read, "homeowners, farmers, and business concerns" wherever appropriate throughout the section and make section (c)(4) read "specify that the maximum amount of loss to be shared jointly by the homeowner, farmer, or business concern, the State, and the Federal Government under such a program shall be \$30,000 in the case of a homeowner, and \$100,000 in the case of a farmer or a business concern."

We also want to point out to the committee that our legal counsel advises us that some State constitutions would have to be changed to enable these States to utilize the provisions of section 4.

Section 7 would authorize the Secretary of Agriculture to make grants to farmers whose farmlands or livestock have been damaged as a result of a major disaster. That part of this section relating to farmlands damaged by a major disaster is opposed as unnecessary for the reason that the Secretary now has under Public Law 85-58 authority to make payments to farmers who carry out emergency measures to rehabilitate farmlands damaged by wind erosion, floods, hurricanes, or other natural disasters. The provisions of Public Law 85-58 do not limit the payment to a percentage of the cost of carrying out emergency conservation measures or the amount of such payment to an individual farmer or to major disaster areas as determined by the President. However, in the administration of these provisions, cost-share payments for emergency conservation measures have been limited to a maximum of 80 percent of the cost of performing such measures and of \$10,000 to a farmer.

We recommend that sections 7 (a) and (b) be revised as follows:

Section 7(a): The Secretary of Agriculture may make grants to farmers to replace livestock injured or killed by the major disaster in the event and to the extent that he finds that a farmer is unable to qualify for loans to replace livestock lost during or as a result of the disaster.

Section 7(b): The amount of the grant authorized under this section in the case of any farmer for livestock shall not exceed an amount determined by the Secretary to be equal to two-thirds of the value of the livestock destroyed and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

Section 9: Language in this section is basically that suggested by the Department and we desire this section be retained as presently written.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
August 31, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request of August 2, 1965, for a report on H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919, identical bills entitled the "Disaster Relief Act of 1965".

These bills authorize a comprehensive program of Federal assistance for areas which are declared by the President to be major disasters under the terms of the Federal Disaster Relief Act of 1950 (Public Law 875, 81st Cong.). Of particular interest to this Department are the provisions (sec. 10 of the proposed legislation) which would amend Public Laws 815 and 874 to authorize the Commissioner of Education to make assistance available to a local educational agency with respect to which the Director of the Office of Emergency Planning has made determinations that (1) it is located in whole or in part in an area which has been declared a major disaster area by the President pursuant to section 2(a) of the act of September 30, 1950 (Federal Disaster Relief Act, Public Law 875, 81st Cong.), and (2) the Governor of the State in which such agency is located has certified the need for such disaster assistance and has given assurance that the State, or a political subdivision thereof, is expending a reasonable amount of its funds for such disaster assistance.

The proposed amendment to Public Law 815 would authorize the Commissioner of Education to provide financial assistance to enable local educational agencies to restore or replace school facilities destroyed or seriously damaged as a result of a major disaster. The grant would be upon such terms and in such amounts as the Commissioner determines are in the public interest, but in no case to exceed an amount which, together with funds available from State, local, other Federal sources, and from insurance, is needed to restore or replace the school facilities destroyed or damaged as a result of a disaster. In addition, the local educational agency must make a reasonable tax effort and exercise due diligence in availing itself of State and other financial assistance for the replacement and restoration of such damaged school facilities. The local educational agency would make application for assistance to the Commissioner of Education who would consult with the State educational agency to determine whether the project is consistent with State plans for construction of school facilities.

The amendment to Public Law 874 would authorize assistance for current operating expenses after the above-mentioned determinations have been made regarding the need for assistance. In measuring the amounts of assistance to be granted, the Commissioner would determine the amount needed to enable the local educational agency, together with all funds available to it for such purposes, to provide a

level of education equivalent to that maintained by that agency during the full fiscal year prior to the occurrence of the disaster. Assistance would be authorized for 5 fiscal years. The amount provided in the second, third, and fourth fiscal year following the fiscal year in which a determination was made would not exceed 75 percent, 50 percent, or 25 percent respectively of the amount provided for the first fiscal year following such determination. In addition, the Commissioner would be authorized to provide assistance in such amounts as he determines to provide necessary supplies, equipment, and materials to replace temporarily (other than by acquisition of land or erection of facilities) facilities that have been made unavailable as a result of the disaster. The bill would authorize the appropriation of such sums as may be necessary to carry out the provisions of the act. It would also authorize the Commissioner to use funds already appropriated for Public Laws 815 and 874 for immediate assistance in the disaster area and to reimburse the appropriations from which these funds were borrowed after an appropriation is made for the disaster assistance.

To the extent that the operation of private elementary and secondary schools has been disrupted or impaired by a major disaster, a local educational agency receiving assistance under the proposed legislation would be required to provide for the conduct of educational programs under public auspices and administration in which children enrolled in such private schools may participate.

We believe that tragic earthquakes and floods in recent years clearly demonstrate the need for a comprehensive Federal program of disaster relief on a permanent basis. However, we concur in the limitation on the duration of the authority to provide assistance to schools so that it would be authorized only with respect to disasters occurring prior to July 1, 1967. A 2-year program seems to us to be appropriate at this time in view of the ongoing review of the administration of Public Laws 815 and 874 within the executive branch and the possibility that legislative changes may be considered by the Congress which should be coordinated with assistance of the kind authorized in this legislation for schools.

Disasters destroy homes and essential community services such as roads and water and sewage facilities, in addition to schools. We accordingly support the purposes of this legislation as designed to protect the health, education, and welfare of those unfortunate persons who are afflicted by major disasters, but we defer to other interested agencies with respect to the particular provisions affecting programs which they administer.

We suggest the following technical corrections in section 10 of the proposed legislation:

1. On page 18, on the line which begins "Sec. 2", strike out "Sec. 2." and insert in lieu thereof "(b)".
2. On the same line, insert "Public Law 874, Eighty-first Congress," after "Act of September 30, 1950," (in order to avoid confusion with the reference several lines later to a different act of the same date).

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

WILBUR J. COHEN,
Under Secretary.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., October 20, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your informal invitation to this Department to present its views on S. 1861, to provide additional assistance for areas suffering a major disaster. While the Department does not feel it necessary to present its views in person, we would like to provide the committee with the following comments on certain financial provisions of the bill.

The primary interest of this Department in S. 1861, as passed by the Senate, is in the loan provisions in sections 3 and 9 of the bill and their relationship to the principles and recommendations of the President's Committee on Federal Credit Programs. With regard to the interest rate adjustments on Federal loans under section 3, the Department believes that these adjustments could be made most effectively and equitably by providing for reduced interest rates related to the current market yields on outstanding Treasury obligations of comparable maturities rather than providing for reduction to fixed interest rates, such as 3 percent. Regardless of the amount of interest rate subsidy deemed to be desirable, a provision requiring that the reduced interest rates be related to an appropriate measure of the current cost of Government borrowing would help to provide for more effective disclosure of program costs and would assure greater equity as between borrowers assisted at different times under the program, since the general level of interest rates may vary considerably from time to time. This could be accomplished by providing for subsidized interest rates in accordance with the formulas set forth in attachment B to Bureau of the Budget Circular No. A-70, February 1, 1965, a copy of which is attached.

With regard to the provisions of section 9(a), which would broaden the authority of the Secretary of Agriculture to make or insure loans to public bodies, the Treasury Department believes that these loans should be made on a direct, rather than on an insured, basis as so to avoid Federal guarantees of tax-exempt obligations.

In this connection, the Committee on Federal Credit Programs recommended that no program in the future be authorized which involves guarantees of tax-exempt obligations, primarily because the cost in tax revenues to the Federal Government would generally exceed the benefits of tax exemption received by borrowers and such federally guaranteed tax-exempt securities would be superior to direct Federal obligations themselves. Accordingly, under the existing programs, authorized by the Consolidated Farmers Home Administration Act of 1961, which has recently been amended by Public Law 89-240, efforts have been made administratively to meet the credit needs of public bodies through direct rather than insured loans. While the Department would prefer that guarantees of tax-exempt obligations be expressly prohibited by statute, we would not be opposed to the enactment of S. 1861 by reason of the present provisions of section 9(a). We hope, however, that the legislative history will show that the Congress did not intend that there be Federal guarantees of tax-exempt obligations under this section.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

FRED B. SMITH,
Acting General Counsel.

SMALL BUSINESS ADMINISTRATION,
Washington, D.C., August 30, 1965.

Re H.R. 7530, H.R. 7552, H.R. 7740, H.R. 9885, H.R. 9888, H.R. 9890,
and H.R. 9919.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letters of May 18 and August 2, 1965, requesting my views on the captioned bills.

Four of these bills (H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919) contain a proposal relating to loans made pursuant to section 7(b) of the Small Business Act for the repair, rehabilitation, or replacement of property damaged or destroyed as the result of a major disaster. In substance, section 3(d) of these identical measures provides that the Small Business Administration may make such a loan in the amount of \$30,000 or less, in the case of a homeowner, or in the amount of \$100,000 or less in the case of a business concern, without regard to whether the required financial assistance is otherwise available from private sources.

The Small Business Administration actively supports the general policy of preventing Federal competition with private sources of credit when such credit is available to the borrower on reasonable terms and conditions.

In disaster situations prompt disbursement of section 7(b) loan funds is imperative. Since these loans are currently made at 3 percent interest, a rate generally lower than that which private sources are willing to extend, we do not hold up the disbursement of urgently needed loans by requiring each borrower to formally certify that alternative private credit is not available at reasonable cost.

It is our understanding, however, that section 3(d) would prevent the Small Business Administration from requiring an individual borrower to demonstrate his inability to obtain private financing at reasonable cost. As we indicated in our testimony on S. 1861 before the Senate Public Works Committee, we have in the past refused to make loans where it has become apparent that private financing at reasonable cost has been available. We believe that our current authority which enables us to waive the required finding that private credit is not available at reasonable cost on a case-by-case basis is preferable to a blanket waiver of the type contained in this section. Therefore, we suggest that this provision be stricken from the bills.

Three of the captioned bills call for Federal financial assistance to disaster victims—but each limits its benefits to a single State and to the victims of specific disasters. Thus such assistance is proposed for those areas of Minnesota (H.R. 7530), Wisconsin (H.R. 7552), and Illinois (H.R. 7740) declared to be disaster areas by the President because of floods and high waters occurring during 1965. I am

strongly opposed to this piecemeal approach to the problems which may be created in any part of the country by physical disasters. They should be met with legislation of nationwide scope.

I trust that this report will be helpful to your committee in its consideration of the captioned bills.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

EUGENE P. FOLEY,
Administrator.

HOUSING AND HOME FINANCE AGENCY,
Washington, D.C., September 2, 1965.

Subject: H.R. 9885, 89th Congress (Representative Aspinall); H.R. 9888, 89th Congress (Representative McVicker); H.R. 9890, 89th Congress (Representative Rogers of Colorado); and H.R. 9919, 89th Congress (Representative Evans of Colorado).

Hon. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Agency on H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919, identical bills to be cited as the Disaster Relief Act of 1965. These bills contain various provisions to make available, as permanent legislation, additional disaster assistance to localities and private individuals.

The Housing Agency agrees that there is need for additional permanent disaster assistance legislation and recommends enactment of legislation generally along the lines of these bills. It does, however, recommend certain policy and drafting changes in sections of the bills relating to the program responsibilities of this Agency.

These various sections are discussed and commented on separately in the enclosed supplementary statement.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the stand point of the administration's program.

Sincerely yours,

ROBERT C. WEAVER,
Administrator.

HHFA SUPPLEMENTARY STATEMENT ON H.R. 9885, 9888, 9890, AND
9919, 89TH CONGRESS

FEDERAL LOAN ADJUSTMENTS (SEC. 3(b))

This subsection would authorize the Housing Administrator to "refinance" notes or other obligations held by him "where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster." The interest rate on such obligations could be reduced to not less than 3 percent, and their term could be extended to not to exceed 40 years. Interest and principal payments could be suspended during an additional period of not to exceed 5 years. This provision

is similar to other subsections of section 3 relating to loan programs administered by the Secretary of Agriculture and the Administrator of Veterans' Affairs.

Housing Agency loans to which this provision would apply include public facility loans, under title II of the Housing Amendments of 1955; loans for housing for the elderly or handicapped, under section 202 of the Housing Act of 1959; college housing loans, under title IV of the Housing Act of 1950; and housing rehabilitation loans, under section 312 of the Housing Act of 1964.

Housing rehabilitation loans are presently authorized at 3 percent, for not to exceed 20 years. Loans for housing for the elderly or handicapped may be made for not to exceed 50 years; the other listed programs are limited to 40 years. The maximum interest rates on these programs are determined by formulas based on the cost of borrowing money from the Treasury, and presently outstanding loans bear rates varying between $2\frac{3}{4}$ and 4 percent.

There is already authority to modify the terms of loans under these programs, but in general only subject to the specific limitations in the various statutes. Although section 3(b) of the bill would, in many cases therefore, not substantially increase our present authority, we would in general favor its enactment. The 5-year-loan-extension authority, especially, would be useful in some cases.

It would be desirable, however, to amend the first portion of the provision to read as follows: "In addition to the authority contained under any other law, the Housing and Home Finance Administrator is authorized to refinance or otherwise adjust any note or other obligation he holds in connection with any loan made or administered by him, to the extent that he finds such action necessary because of loss, destruction, or damage to property or facilities as a result of a major disaster. The interest rate on any note or other obligation adjusted * * *".

This proposed language would be more desirable in several respects:

1. It would permit loan adjustments not only in cases of damage to facilities "securing" an obligation, but also in cases where the Federal loan is secured only by revenues or where a disaster has impaired the loan repayment ability of a community, in addition to any damage to the facility in question.

2. Providing authority to "adjust" as well as to "refinance" obligations will make clear that the Administrator can adjust the terms of a note, rather than replace it with another.

3. Reference to loans "administered" in addition to loans "made" will make clear that the adjustment authority extends to loans administered by the Housing Administrator—for example, under delegation from the Secretary of Commerce in connection with the Area Redevelopment Act. It will also make unnecessary the specific reference to the revolving fund established under the Independent Offices Appropriation Act of 1955. It should also be noted that our housing rehabilitation loans should probably not be extended for as long as 45 years, even in disaster situations. A 35-year maximum would seem more appropriate. However, this is a matter which could be handled administratively.

GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS AND
BUSINESSES (SEC. 4)

This section would establish a new program of Federal grants to States to assist in preparing and carrying out programs of indemnification of homeowners and business concerns suffering uninsurable property losses as a result of a major disaster. Up to 75 percent of such losses could be compensated, subject to overall limits, and the Federal grant could cover up to 50 percent of "the cost" of developing and carrying out such a program. Only those States would be eligible which had "approved flood-plain zoning controls or other similar preventive measures in force."

The Housing Agency favors enactment of legislation along the lines of this section. In general, we defer to the Office of Emergency Planning and the Bureau of the Budget as to the details of the proposal. However, we do have the following suggestions:

1. The assistance to be provided under section 4 is presently limited to "homeowners and business concerns." We believe these categories may be too restrictive. It should be made clear that they include individuals, in addition to "business concerns," who operate businesses or own rental property. Also, nonprofit bodies should be covered.

2. It would be desirable to clarify the "property" which is eligible for indemnity under the program. It is apparently intended to cover at least homes and other eligible real property. However, it is not clear as to what, if any, kinds of personal property are also to be covered. To provide indemnification for losses to ordinary household effects, such as furniture and clothing, would impose very great administrative burdens.

3. The reference, in section 4(b)(2), to Federal grants for "not to exceed 50 per centum of the cost of carrying out such a program" might necessarily be interpreted as limiting such grants to 50 percent of the indemnity payments under the plan. However, we understand that the Federal share is intended to cover 66⅔ percent of the indemnity payments—that is, 50 percent of the property loss sustained.

4. We recommend that either the legislation itself or the accompanying legislative history give explicit Federal approval and encouragement to provision in the State disaster relief plans for loss sharing between homeowners and mortgage holders. It is our conviction that it is highly desirable to provide for such loss sharing. A lender whose security has been damaged by an uninsurable disaster loss would often expect to have to settle his claim at a discount. Under the proposed joint Federal-State indemnity plan, on the other hand, it is quite possible for a homeowner's equity to be entirely wiped out, while the Federal and State grants go entirely toward reimbursing the mortgage holder. For example, if a \$30,000 house, subject to a \$22,500 mortgage, were completely destroyed, the 75 percent Federal-State grant would pay off the entire mortgage, while the homeowner's \$7,500 equity would be completely wiped out.

Many States enacted legislation in the 1930's to restrict recourse of creditors to deficiency judgments, and these statutes were declared constitutional under both State and Federal constitutions. Similar legislation could be enacted which would, in effect, require creditors to agree to share in losses to security properties in order to obtain access to the Federal and local grant funds to be provided under this program.

This would be a matter requiring new State legislation and one in which various States might well establish different policies. We, therefore, believe that the Federal Government should only encourage, rather than require, such loss sharing.

5. Section 4(e)(1) of the bill would prohibit grants "for any loss for which private insurance is available and collectible in such State at reasonable rates." Under S. 408, as enacted by the Senate and reported favorably by the House Banking and Currency Committee, this Agency would be authorized to undertake a study of the feasibility of a federally supported insurance program or other relief from natural disasters. If any Federal disaster insurance program were established, it is not certain whether it would be a reinsurance program or one involving direct Federal insurance. It would be desirable, therefore, to delete the reference to "private" insurance in subsection 4(e)(1).

6. Section 4(e)(2) of the bill prohibits Federal grants "for any loss in a State which does not have approved flood plain zoning controls or other similar preventive measures in force." This language might necessarily be interpreted as requiring that the approved zoning and other preventive measures be in force on a statewide basis before losses in any areas within the State could receive compensation. Flood plain zoning controls and related preventive measures are primarily a matter of local rather than State control. Also, it should be made clear that the controls are to be subject to Federal approval. We, therefore, suggest that this provision be revised as follows: "for any loss in a locality which does not have State and local flood plain zoning controls and other appropriate preventive measures in force which meet criteria established by the President."

7. Under section 4(d) the President is required to "approve any State plan which complies with the provisions of subsection (c) of this section." It is conceivable that Federal policy may require other elements in the State plan in addition to those itemized in paragraphs (1) through (8) of section 4(c). For example, disaster warning systems might well be an appropriate part of the proposed State plans. However, it is not clear, under the mandatory language of section 4(d), that such additional requirements could be set. It would be desirable, therefore, to amend section 4(c)(9) to require that the plan also "meet such further criteria" in addition to setting forth "such further information," as the President may by regulation require.

SHELTER FOR DISASTER VICTIMS (SEC. 5)

This section would authorize the President to provide dwelling accommodations for individuals or families whose dwellings have been destroyed or substantially damaged by a major disaster. The emergency accommodations could be made available through acquisition, acquisition and rehabilitation, or lease. They would remain available for "such period as may be necessary to enable the individual or family to find other decent, safe, and sanitary housing which is within his or its ability to finance." Rentals would be based on financial ability to pay.

We understand that the Office of Emergency Planning already has, and exercises, considerable authority for the provision of emergency shelter. We defer to that Office as to whether additional authority is needed. We would, however, like to point out the dangers inherent in any program which attempts, as this does, to provide emergency

shelter to remain available for an indefinite period. The time involved until "decent, safe, and sanitary housing" is available "within a displaced person's ability to finance" may in some cases be many years. If more than temporary housing is needed, it would be more desirable to have recourse to existing programs. The Small Business Administration disaster loan program and the public housing and various other housing programs of this Agency already provide very substantial assistance in the provision of new or rehabilitated housing to be used on a permanent or indefinite basis.

INSURED FHA DISASTER LOANS (SEC. 6)

This section would amend the FHA section 221 program of housing for moderate-income and displaced families to include reference to families displaced "as a result of a major disaster" in addition to those displaced "as a result of governmental action."

The purpose of this amendment appears to be to make available to disaster-displaced families the same special rental priorities and other benefits now available under section 221 to those displaced by governmental action.

This Agency has no objection to this proposed amendment. To the extent that section 221 housing may be of assistance to disaster victims, it seems entirely justified that they should have access to such housing on the same terms as governmentally displaced persons.

As drafted, the amendment has technical defects. The language to be amended in section 221 varies somewhat in different subsections. Accordingly, we would suggest a revision of section 6 of the bill, as follows:

"SEC. 6. (a) Section 221 of the National Housing Act is amended by striking out 'family displaced from an urban renewal area or as a result of Government action', 'family displaced from an urban renewal area or as a result of governmental action', 'families displaced from urban renewal areas or as a result of governmental action', and 'families displaced by urban renewal or other governmental action' each place they appear in subsections (a), (d)(2), (d)(3)(iii), (d)(6), and (f), and inserting in lieu thereof, as appropriate, 'displaced family' or 'displaced families'.

"(b) Section 221(f) of such Act is further amended by adding the following sentence at the end thereof: 'As used in this section the terms 'displaced family' and 'displaced families' shall mean a family or families displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)'."

ASSISTANCE TO UNINCORPORATED COMMUNITIES (SEC. 9)

Subsection (a) of this section would amend the definition of "local government" in the act of September 30, 1950, to include "a rural community or unincorporated town or village." The principal effect of this amendment would be to authorize repair and replacement of "public facilities" in such areas.

We defer to the Office of Emergency Planning as to the need for such additional authority.

Subsection (b) of this section would amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture, in areas which have suffered major disasters, to make or insure loans to nonprofit associations and to public and quasi-public agencies for acquisition, construction, improvement, or extension of waste disposal systems, water systems, and other public facilities needed for disaster recovery. The Secretary would also be authorized to make up to 50 percent grants for the same purpose where loan financing would require higher service charges than in comparable communities in the State and beyond the financial ability of a majority of the users.

This Agency defers to the Bureau of the Budget and the OEP as to the need for the proposed special assistance program for disaster-affected rural areas. We note, however, that it would substantially overlap other legislation already enacted or under active consideration by the Congress. The new Housing Agency grant programs, under title VII of the Housing and Urban Development Act of 1965, can provide 50 percent grant assistance to public bodies in any area, regardless of population, for both sewer and water facilities and neighborhood centers. Also, S. 1766, which was passed by the Senate on July 23, 1965, would provide similar grant authority for water treatment systems in all rural areas.

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC HOUSING ASSISTANCE (SEC. 12)

This section would establish a priority to public bodies in major disaster areas which apply for assistance under the Housing Agency low-rent public housing program or public facilities loan programs or under "any other Act providing assistance for the repair, construction, or extension of public facilities".

This Agency has no objection to enactment of this provision and would recommend its extension, also, to the program which this Agency administers, under section 702 of the Housing Act of 1954, to assist in public works planning.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., September 3, 1965.

HON. GEORGE H. FALLON,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of the Department of Commerce concerning H.R. 9885, H.R. 9888, H.R. 9890, and H.R. 9919, identical bills to provide additional assistance for areas suffering a major disaster.

These bills would provide additional assistance for areas suffering a major disaster as determined by the President pursuant to 42 U.S.C. 1855-1855g.

Sections 120 and 125 of title 23, United States Code, presently govern the use of Federal-aid highway funds for the repair and reconstruction of highways, roads, and trails which have suffered serious damage as a result of a major disaster.

The Federal share of the cost of repairs to all Federal-aid systems, as specified by subsection 120(f), is normally 50 percent. Public Law 88-658, which was enacted last year, amended this section to provide that the basic 50 percent be increased by a percent equal to the percentage which the area of certain nontaxable Indian and public domain lands, exclusive of national forests and national parks and monuments, is of the total land area of the State where such lands exceed 5 percent of the State's total area. Hence, the Federal share on emergency projects is now subject to the same sliding scale as is applicable to projects financed with primary, secondary, and urban funds. Presently, 13 States qualify for such additional Federal cost sharing, the total percent for each varying, with Alaska having the highest—95.02 percent.

Subsections 120(f) and 125(c) of title 23, United States Code, provide that the Federal share may amount to 100 percent of the cost of emergency repairs to forest highways, a program which is administered by this Department and that the cost of these repairs may be financed from the highway trust fund.

Existing law also authorizes the emergency repair of forest development roads and trails, administered by the Department of Agriculture, and park roads and trails and Indian reservation roads, administered by the Department of the Interior. Such repairs are eligible for 100 percent financing out of the highway trust fund, under the authority of subsection 125(c) or out of regular road program appropriations available to the Departments of Agriculture and Interior.

The only section of these bills which appears to directly involve the Department of Commerce is section 11. Therefore, our comments will be limited to that section.

Subsection 11(a) of the subject bills would amend subsection 120(f), title 23, United States Code, by permitting an increase in the Federal share payable to 100 percent on account of repair or reconstruction of any Federal-aid highway necessitated by a major disaster determined by the President. Otherwise, the existing law would continue to apply.

Though we recognize that natural disasters impose a substantial burden upon all affected, we believe that the sharing arrangement established by Public Law 88-658 is an equitable one and should be continued. Accordingly, the Department of Commerce recommends against enactment of subsection 11(a) of these bills.

Section 11(b) of these bills would increase the emergency highway fund to \$50 million annually for fiscal 1965 and succeeding years and authorize this amount to be appropriated from the general fund of the Treasury. Section 2 of Public Law 89-41, which was recently enacted, authorized appropriations out of the general fund of the Treasury of \$50 million for fiscal year 1965 and \$20 million for fiscal year 1966 for reconstruction of highways damaged by natural disasters. These authorizations are in addition to the existing \$30 million annual authorizations in section 125 of title 23. H.R. 6790, which passed the House on July 19, provides an authorization of \$50 million to be expended in any 1 fiscal year; 40 percent of these expenditures are authorized to be appropriated from the general fund. Although the Department does not object to financing certain reconstruction out of the general fund, we believe the 100-percent provision of section 11(b) and the 40-percent provision of H.R. 6790 both establish arbitrary

procedures for allocating these expenditures. We believe it would be more appropriate to provide that reconstruction of disaster-damaged highways shall be paid out of the highway trust fund with reimbursement of the trust fund from the general fund for the cost of reconstruction of any highway for which original construction, if undertaken at the time of the disaster, would have been paid out of the general fund. Therefore, the Department of Commerce believes that the purpose of subsection 11(b) of these bills has already been accomplished insofar as fiscal years 1965 and 1966 are concerned but that if section 11(b) of H.R. 9885, and others were amended as recommended herein and amended to apply only to fiscal year 1967 and thereafter, it would provide satisfactorily for the fiscal year 1967 and each succeeding fiscal year.

In view of the foregoing, the Department of Commerce recommends against enactment of section 11(a) of the subject bills and recommends enactment of section 11(b) if amended as outlined above.

With respect to the remaining sections of these bills, this Department defers to the views of the departments and agencies directly concerned with administering those provisions.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

ROBERT E. GILES,
General Counsel.

DEPARTMENT OF THE ARMY,
Washington, D.C., September 2, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of the Army with respect to H.R. 9885, 9888, 9890 and 9919, 89th Congress, identical bills to provide additional assistance for areas suffering a major disaster.

This proposed legislation contains a number of measures designed to provide authority on a continuing basis for financial and other assistance by the Federal Government to individual citizens who lose their homes, businesses, farm buildings, and other general property as the result of a major disaster. It also provides for Federal financial assistance in major disaster areas for rebuilding public facilities of rural or unincorporated communities; for restoration or replacement of public school facilities and for the maintenance and operation of public schools, and more liberal Federal assistance for reconstruction of Federal-aid highways.

There are two provisions in the proposed legislation which relate to the activities and responsibilities of the Department of the Army, section 8 which provides for the use of the civil defense communications system for disaster warnings, and subsection 13(a) which provides authorization for expenditures to repair, restore, or reconstruct public works facilities which have been damaged as a result of a major disaster.

Section 8 would authorize the Secretary of Defense to use the communications system established pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended, to provide warning to governments and people in areas endangered by imminent natural disasters. This system consists of a federally operated part and a State and local owned and operated part. The Federal part includes the National Warning System (Nawas) for warning from three warning centers to some 678 warning points and the national communications system which connects Office of Civil Defense National Headquarters with the regional offices and State civil defense offices with interconnects to commercial, military, and other government communications system.

Under subsection 201(i) of the Federal Civil Defense Act, the Federal Government makes financial contributions to State and local civil defense communications and warning systems which are considered as part of the nationwide system established pursuant to subsection 201(c). These systems include that for transmitting the warning from the warning points to the points where public warning is sounded and those for State and local operational communications. These systems are under the control of State and local authorities.

Presently, the entire system can be and is being used in varying degrees to warn of approaching disasters and to communicate as necessary during disaster operations. Arrangements have been made for the use of the Federal part of this system under these conditions. The use of the federally assisted part of the State and local system has been authorized, but the decision to use the system is for State or local authorities.

If this section is enacted the Department of Defense would not change the joint operation of the system although it could provide for such additional elements as might be necessary to more effectively carry out the added mission. It would seem desirable to accomplish this in the same manner as present additions to the system are accomplished, including matching funds for the State and local part of the system. For this reason, it is suggested that the reference to subsection (c) of section 201 be deleted and reference be made to the entire section 201. This would then include subsection 201(i).

While currently there is no bar to the use of the civil defense warning and communications systems in natural disasters and thus no pressing need for the legislation, enactment could provide an additional stimulant to recognition and assumption of responsibility by communities not only for natural disasters but also for civil defense. Therefore, the Department supports enactment of the section.

The purpose of subsection 13(a) of the proposed legislation is not clear. It seems that this subsection would broaden the provisions of the Federal Disaster Act of 1950 (42 U.S.C. 1855-1855g). Section 6 of this act (42 U.S.C. 1855e) authorizes Federal agencies to repair, reconstruct, or restore facilities owned by the United States which are damaged or destroyed in any major disaster. The Federal agencies may use any available funds not otherwise immediately required and may be reimbursed out of future appropriations. If the agency does not have sufficient funds available, the President may transfer to such agency any funds available under the act, and if such funds are insufficient then authorization is provided for appropriations. Section 3 of the act (42 U.S.C. 1855b) authorizes the making of emergency repairs to and temporary replacements of

public facilities of States and local governments damaged or destroyed in a major disaster.

Subsection 13(a) in the bills would authorize appropriations for the permanent repair, restoration, or reconstruction of any project completed or under construction for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which has been specifically authorized by act of Congress, without regard to any other statutory limitation on the amount which may be appropriated in connection with such project. It is inferred such projects would include those constructed by States and local governments with Federal financial assistance, since some of the types of projects listed fall into this category. However, it is not clear whether such projects of States and local governments are intended to be included under this subsection, since they are not normally specifically authorized by act of Congress.

In view of the uncertainty as to the purpose of subsection 13(a) of the proposed legislation, the Department of the Army refrains from making any recommendations regarding this provision of the bills.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

STANLEY R. RESOR,
Secretary of the Army.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., September 3, 1965.

HON. GEORGE H. FALLON,
*Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR MR. FALLON: This responds to your request for a report on H.R. 9885, and identical bills H.R. 9888, H.R. 9890, and H.R. 9919, to provide additional assistance for areas suffering a major disaster.

Our comments are limited to the provisions of the bill that directly concern this Department. Inasmuch as most of the bill relates to programs that are not our responsibility, we make no recommendation regarding the enactment of the bill, but if the bill is enacted we suggest the following changes:

1. On page 5, line 9, after "District of Columbia" insert ", the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands,".

2. On page 10, after line 18 add a new subsection (e) as follows:

"(e) The provisions of this section shall apply to the States, the District of Columbia, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of Puerto Rico."

The purpose of these two amendments is to bring our three territories and the trust territory within the scope of the programs authorized by sections 4 and 5. Section 4 relates to the refinancing of real property liens through Federal grants to States. Section 5 authorizes

the President to provide dwelling accommodations for disaster victims. We believe that both programs should be made applicable to the territories.

In 1962, Guam was devastated by a major typhoon; in 1963 it was visited by a less serious typhoon. The Trust Territory of the Pacific Islands is a frequent victim of typhoons, and the Virgin Islands are located in the hurricane belt of the Caribbean. American Samoa has also experienced typhoons and tidal waves. On the basis of Guam's unfortunate experience in 1962, when a very large part of all homes were destroyed, it is clear that the type of assistance that might be provided under sections 4 and 5 is needed for Guam and the other territories.

3. Add a new section to the bill as follows:

“EXTENSIONS OF TIME IN PUBLIC LAND MATTERS

“SEC. —. The Secretary of the Interior, upon application therefor, is authorized to grant an extension of time to the holder of any lease, license, permit, contract, or entry issued by him in connection with any lands administered by him through the Bureau of Land Management where the Secretary finds that a major disaster has impeded timely fulfillment of requirements and such relief will not prejudice the rights of any other party.”

The purpose of this amendment is to permit relief to be granted when a major disaster impairs the ability of a person to “prove up” on a homestead or desert land entry within the statutory time periods, or impairs the ability of a mineral permittee or lessee to comply with time requirements in his permit or lease, or impairs the ability of a timber purchaser to comply with time requirements in his timber sale contract. We believe that such relief should be authorized.

Subsection 13(a) authorizes the appropriation of such sums as may be necessary to repair or reconstruct irrigation, reclamation, and public power projects damaged by a major disaster if the project was specifically authorized by an act of Congress, without regard to any statutory limitation on the amount which may be appropriated for such project. In one sense this subsection is unnecessary, duplicating authority already given to the Secretary by the Emergency Fund Act of June 26, 1948 (62 Stat. 1052). Further, the subsection touches on issues which are themselves properly subjects for separate consideration, such as the extent to which such repairs or reconstruction would be reimbursable. We also understand that the Bureau of the Budget has other questions about the provisions of this subsection relating to projects not under the jurisdiction of this Department. Under these circumstances, we feel that the questions presented should be considered in another context, and we recommend deletion of subsection 13(a) from the bill.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

SECTION 1820 OF TITLE 38, UNITED STATES CODE

§ 1820. Powers of Administrator.

(a) Notwithstanding the provisions of any other law, with respect to matters arising by reason of this chapter, the Administrator may—

(1) sue and be sued in his official capacity in any court of competent jurisdiction, State or Federal;

(2) subject to specific limitations in this chapter, consent to the modification, with respect to rate of interest, time of payment of principal or interest or any portion thereof, security or other provisions of any note, contract, mortgage or other instrument securing a loan which has been guaranteed or insured under this chapter;

(3) pay, or compromise, any claim on, or arising because of, any such guaranty or insurance;

(4) pay, compromise, waive or release any right, title, claim, lien or demand, however acquired, including any equity or any right of redemption; and the authority to waive or release claims may include partial or total waiver of payment by the veteran, or his spouse, following default and loss of the property where the Administrator determines that the default arose out of compelling reasons without fault on the part of the veteran or that collection of the indebtedness would otherwise work a severe hardship upon the veteran;

(5) purchase at any sale, public or private, upon such terms and for such prices as he determines to be reasonable, and take title to, property, real, personal or mixed; and similarly sell, at public or private sale, exchange, assign, convey, or otherwise dispose of any such property; and

(6) complete, administer, operate, obtain and pay for insurance on, and maintain, renovate, repair, modernize, lease, or otherwise deal with any property acquired or held pursuant to this chapter. The acquisition of any such property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction of, on, or over such property (including power to tax) or impair the rights under the State or local law of any persons on such property.

(b) The powers granted by this section may be exercised by the Administrator without regard to any other provision of law not enacted expressly in limitation of this section, which otherwise would govern the expenditure of public funds; however, section 5 of title 41 shall apply to any contract for services or supplies on account of any property acquired pursuant to this section if the amount of such contract exceeds \$1,000.

(c) The financial transactions of the Administrator incident to, or arising out of, the guaranty or insurance of loans pursuant to this chapter, and the acquisition, management, and disposition of prop-

erty, real, personal, or mixed, incident to such activities and pursuant to this section, shall be final and conclusive upon all officers of the Government.

(d) The right to redeem provided for by section 2410(c) of title 28 shall not arise in any case in which the subordinate lien or interest of the United States derives from a guaranteed or insured loan.

(e)(1) The Administrator is authorized from time to time, as he determines advisable, to set aside first mortgage loans, and installment sale contracts, owned and held by him under this chapter as the basis for the sale of participation certificates as herein provided. For this purpose the Administrator may enter into agreements, including trust agreements, with the Federal National Mortgage Association, and any other Federal agency, under which the Association as fiduciary may sell certificates of participation based on principal and interest collections to be received by the Administrator and the Association or any other such agency on first mortgage loans and installment sale contracts comprising mortgage pools established by them. The agreement may provide for substitution or withdrawal of mortgage loans, or installment sale contracts, or for substitution of cash for mortgages in the pool. The agreement shall provide that the Federal National Mortgage Association shall promptly pay to the Administrator the entire proceeds of any sale of certificates of participation to the extent such certificates are based on mortgages, including installment sale contracts, set aside by the Administrator and he shall periodically pay to the Association, as fiduciary, such funds as are required for payment of interest and principal due on outstanding certificates of participation to the extent of the pro rata amount allocated to the Administrator pursuant to the agreement. The agreement shall also provide that the Administrator shall retain ownership of mortgage loans and installment sale contracts set aside by him pursuant to the agreement unless transfer of ownership to the fiduciary is required in the event of default or probable default in the payment of participation certificates. The Administrator is authorized to purchase outstanding certificates of participation to the extent of the amount of his commitment to the fiduciary on participations outstanding and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as fiduciary pursuant to the agreement.

(2) The Administrator shall proportionately allocate and deposit the entire proceeds received from the sale of participations into the funds established pursuant to sections 1823 and 1824 of this chapter, as determined on an estimated basis, and the amounts so deposited shall be available for the purposes of the funds. The Administrator may nevertheless make such allocations of that part of the proceeds of participation sales representing anticipated interest collections on mortgage loans, including installment sale contracts, on other than an estimated proportionate basis if determined necessary to assure payment of interest on advances theretofore made to the Administrator by the Secretary of the Treasury for direct loan purposes. The Administrator shall set aside and maintain necessary reserves in the funds established pursuant to sections 1823 and 1824 of this chapter to be used for meeting commitments pursuant to this subsection and, as he determines to be necessary, for meeting interest

payments on advances by the Secretary of the Treasury for direct loan purposes.

(f) *The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g). The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loan, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.*

SECTION 221 OF THE NATIONAL HOUSING ACT

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. (a) This section is designed to assist private industry in providing housing for low and moderate income families and [families displaced from urban renewal areas or as a result of governmental action] *displaced families*.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A)

not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a [family displaced from an urban renewal area or as a result of governmental action] *displaced family*: *Provided further*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a [family displaced from an urban renewal area or as a result of Government action] *displaced family*, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner

may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association, or other mortgagor approved by the Commissioner, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, \$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1), the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or [families displaced by urban renewal or other governmental

action] *displaced families* shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or

(4) if executed by a mortgagor other than a mortgagor referred to in subsection (d)(3), and which is approved by the Commissioner—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, \$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(iv) not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such pur-

pose the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the General Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

(5) bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe: *Provided*, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso, as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors; and

(6) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of subsection (d)(2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a [family displaced from an urban renewal area or as a result of governmental action] *displaced family*, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: *Provided*, That no mortgage insured under subsection (d)(2) shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements.

(e)(1) A mortgagor which may be approved by the Commissioner as provided in subsection (d)(3) includes a mortgagor which, as a condition of obtaining insurance of the mortgage and prior to the submission of its application for such insurance, has entered into an

agreement (in form and substance satisfactory to the Commissioner) with a private nonprofit corporation eligible for an insured mortgage under the provisions of subsection (d)(3), that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project, as certified pursuant to section 227 of this Act. The mortgagor to whom the property is sold shall be regulated or supervised by the Commissioner as provided in subsection (d)(3) to effectuate its purposes.

(2) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to [families displaced from urban renewal areas or as a result of governmental action] *displaced families*. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section. *As used in this section the terms "displaced family" and "displaced families" shall mean a family or families displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).*

ACT OF SEPTEMBER 30, 1950, AS AMENDED
(42 U.S.C. 1855 et seq.)

AN ACT To authorize Federal assistance to States and local governments in major disasters, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the intent of Congress to provide an orderly and continuing means of assistance by the Federal Government to States and local governments in carrying out their responsibilities to alleviate suffering and damage resulting from major disasters, to repair essential public facilities in major disasters, and to foster the development of such State and local organizations and plans to cope with major disasters as may be necessary.

SEC. 2. As used in this Act, the following terms shall be construed as follows unless a contrary intent appears from the context:

(a) "Major disaster" means any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe in any part of the United States which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available resources of States and local governments in alleviating the damage, hardship, or suffering caused thereby, and respecting which the governor of any State (or the Board of Commissioners of the District of Columbia) in which such catastrophe may occur or threaten certifies the need for disaster assistance under this Act, and shall give assurance of expenditure of a reasonable amount of the funds of the government of such State, local governments therein, or other agencies, for the same or similar purposes with respect to such catastrophe;

(b) "United States" includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(c) "State" means any State in the United States, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(d) "Governor" means the chief executive of any State;

(e) "Local government" means any county, city, village, town, district, or other political subdivision of any State, or the District of Columbia, *and includes any rural community or unincorporated town or village for which an application for assistance is made by a State or local government or governmental agency;*

(f) "Federal agency" means any department, independent establishment, Government corporation, or other agency of the executive branch of the Federal Government, excepting, however, the American National Red Cross.

SEC. 3. In any major disaster, Federal agencies are hereby authorized when directed by the President to provide assistance (a) by utilizing or lending, with or without compensation therefor, to States and local governments their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act; (b) by distributing, through the American National Red Cross or otherwise, medicine, food, and other consumable supplies; (c) by donating or lending equipment and supplies, determined under then existing law to be surplus to the needs and

responsibilities of the Federal Government, to States for use or distribution by them for the purposes of the Act including the restoration of public facilities damaged or destroyed in such major disaster and essential rehabilitation of individuals in need as the result of such major disaster; and (d) by performing on public or private lands protective and other work essential for the preservation of life and property, clearing debris and wreckage, making emergency repairs to and temporary replacements of public facilities of States and local governments damaged or destroyed in such major disaster, providing temporary housing or other emergency shelter for families who, as a result of such major disaster, require temporary housing or other emergency shelter, and making contributions to States and local governments for purposes stated in subsection (d). The authority conferred by this Act, and any funds provided hereunder shall be supplementary to, and not in substitution for, nor in limitation of, any other authority conferred or funds provided under any other law. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this section shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies. The Federal Government shall not be liable for any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a Federal agency or an employee of the Government in carrying out the provisions of this section.

SEC. 4. In providing such assistance hereunder, Federal agencies shall cooperate to the fullest extent possible with each other and with States and local governments, relief agencies, and the American National Red Cross, but nothing contained in this Act shall be construed to limit or in any way affect the responsibilities of the American National Red Cross under the Act approved January 5, 1905 (33 Stat. 599), as amended.

SEC. 5. (a) In the interest of providing maximum mobilization of Federal assistance under this Act, the President is authorized to coordinate in such manner as he may determine the activities of Federal agencies in providing disaster assistance. The President may direct any Federal agency to utilize its available personnel, equipment, supplies, facilities, and other resources, in accordance with the authority herein contained.

(b) The President may, from time to time, prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act, and he may exercise any power or authority conferred on him by any section of this Act either directly or through such Federal agency as he may designate.

SEC. 6. If facilities owned by the United States are damaged or destroyed in any major disaster and the Federal agency having jurisdiction thereof lacks the authority or an appropriation to repair, reconstruct, or restore such facilities, such Federal agency is hereby authorized to repair, reconstruct, or restore such facilities to the extent necessary to place them in a reasonably usable condition and to use therefor any available funds not otherwise immediately required: *Provided, however,* That the President shall first determine that the repair, reconstruction, or restoration is of such importance and urgency that it cannot reasonably be deferred pending the enactment of specific authorizing legislation or the making of an appro-

priation therefor. If sufficient funds are not available to such Federal agency for use in repairing, reconstructing, or restoring such facilities as above provided, the President is authorized to transfer to such Federal agency funds made available under this Act in such amount as he may determine to be warranted in the circumstances. If said funds are insufficient for this purpose, there is hereby authorized to be appropriated to any Federal agency repairing, reconstructing, or restoring facilities under authority of this section such sum or sums as may be necessary to reimburse appropriated funds to the amount expended therefrom.

SEC. 7. In carrying out the purposes of this Act, any Federal agency is authorized to accept and utilize with the consent of any State or local government, the services and facilities of such State or local government, or of any agencies, officers, or employees thereof. Any Federal agency, in performing any activities under section 3 of this Act, is authorized to employ temporarily additional personnel without regard to the civil-service laws and the Classification Act of 1949, as amended, and to incur obligations on behalf of the United States by contract or otherwise for the acquisition, rental, or hire of equipment, services, materials, and supplies for shipping, drayage, travel and communication, and for the supervision and administration of such activities. Such obligations, including obligations arising out of the temporary employment of additional personnel, may be incurred by any agency in such amount as may be made available to it by the President out of the funds specified in section 8. The President may, also, out of such funds, reimburse any Federal agency for any of its expenditures under section 3 in connection with a major disaster, such reimbursement to be in such amounts as the President may deem appropriate.

SEC. 8. There is hereby authorized to be appropriated to the President a sum or sums, not exceeding \$5,000,000 in the aggregate, to carry out the purposes of this Act. The President shall transmit to the Congress at the beginning of each regular session a full report covering the expenditure of the amounts so appropriated with the amounts of the allocations to each State under this Act. The President may from time to time transmit to the Congress supplemental reports in his discretion, all of which reports shall be referred to the Committees on Appropriations and the Committees on Public Works of the Senate and the House of Representatives.

SEC. 9. The Act of July 25, 1947 (Public Law 233, Eightieth Congress), entitled "An Act to make surplus property available for the alleviation of damage caused by flood or other catastrophe", is hereby repealed.

SECTION 306 OF THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961 (7 U.S.C. 1926)

SEC. 306. (a)(1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm

tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

(2) The Secretary is authorized to make grants aggregating not to exceed \$50,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this Act to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, 1968, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

(4)(A) The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

(B) The term "project" shall include facilities providing central service or facilities serving individual properties, or both.

(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this Act and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

(6) The Secretary may make grants aggregating not to exceed \$5,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial

reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

(c) *In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a)(2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State.*

HIGHER EDUCATION FACILITIES ACT OF 1963 (20 U.S.C. 701-757)

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TITLE IV—GENERAL PROVISIONS

DEFINITIONS

SEC. 401. As used in this Act—

(a)(1) Except as provided in subparagraph (2) of this paragraph, the term “academic facilities” means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of

higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities.

(2) The term "academic facilities" shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, or (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Commissioner finds that the physical integration of such facilities with other academic facilities included under this Act is required to carry out the objectives of this Act, or (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity, or (E) any facility used or to be used by a "school of medicine", "school of dentistry", "school of osteopathy", "school of pharmacy", "school of optometry", "school of podiatry", "school of nursing", or "school of public health", as defined in section 724 of the Public Health Service Act. For the purposes of this subparagraph, the term "school or department of divinity" means an institution, or a department or branch of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects.

(b)(1) The term "construction" means (A) erection of new or expansion of existing structures, and the acquisition and installation of initial equipment therefor; or (B) acquisition of existing structures not owned by the institution involved; or (C) rehabilitation, alteration, conversion, or improvement (including the acquisition and installation of initial equipment, or modernization or replacement of built-in equipment) of existing structures; or (D) a combination of any two or more of the foregoing.

(2) The term "equipment" includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, except books, curricular and program materials, and items of current operating expense such as fuel, supplies, and the like; the term "initial equipment" means equipment acquired and installed in connection with construction as defined in paragraph (1)(A) or (B) of this subsection or, in cases referred to in paragraph (1)(C), equipment acquired and installed as part of the rehabilitation, alteration, conversion, or improvement of an existing structure which structure would otherwise not be adequate for use as an academic facility; and the terms "equipment", "initial equipment", and "built-in equipment" shall be more particularly defined by the Commissioner by regulation.

(c) The term "development cost", with respect to an academic facility, means the amount found by the Commissioner to be the cost, to the applicant for a grant or loan under this Act, of the construction involved and the cost of necessary acquisition of the land on which the facility is located and of necessary site improvements to permit its use for such facility, but excluding any cost incurred before, or under a contract entered into before, the enactment of this Act. There shall further be excluded from the development cost—

(1) in determining the amount of any grant under title I or II of this Act, an amount equal to the sum of (A) any Federal grant

which the institution has obtained, or is assured of obtaining under any law other than this Act, with respect to the construction that is to be financed with the aid of a grant under title I or II of this Act, and (B) the amount of any non-Federal funds required to be expended as a condition of such other Federal grants; and

(2) in determining the amount of any loan under title III of this Act, an amount equal to the amount of any Federal financial assistance which the institution has obtained, or is assured of obtaining, under any law other than this Act, with respect to the construction that is to be financed with the aid of a loan under title III of this Act.

(d) The term "Federal share" means, in the case of a project for an institution of higher education other than a public community college or public technical institute, a percentage (as determined under the applicable State plan) not in excess of $33\frac{1}{3}$ per centum of its development cost; and such term means, in the case of a public community college or public technical institute, 40 per centum of its development cost.

(e) The term "higher education building agency" means (1) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institutions, or for their students or faculty), or (2) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual) (A) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan made under title III of this Act will pass to such institution.

(f) The term "institution of higher education" means an educational institution in any State which—

(1) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(2) is legally authorized within such State to provide a program of education beyond high school;

(3) provides an educational program for which it awards a bachelor's degree, or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;

(4) is a public or other nonprofit institution; and

(5) is accredited by a nationally recognized accrediting agency or association listed by the Commissioner pursuant to this paragraph or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred

from an institution so accredited: *Provided, however,* That in the case of an institution offering a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge, if the Commissioner determines there is no nationally recognized accrediting agency or association qualified to accredit such institutions, he shall, under section 402(c), appoint an advisory committee, composed of persons specially qualified to evaluate training provided, by such institutions, which shall prescribe the standards of content, scope, and quality which must be met in order to qualify such institutions for assistance under this Act and shall also determine whether particular institutions meet such standards: *Provided, however,* That the requirements of this clause (5) shall be deemed to be satisfied in the case of an institution applying for assistance under this Act, if the Commissioner determines that there is satisfactory assurance that upon completion of the project for which such assistance is requested, or upon completion of that project and others under construction or planned and to be commenced within a reasonable time, the institution will meet such requirements; and for the purposes of this paragraph the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of education or training offered.

(g) The term "public community college and public technical institute" means an institution of higher education which is under public supervision and control and is organized and administered principally to provide a two-year program which is acceptable for full credit toward a bachelor's degree or a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge, and, if a branch of an institution of higher education offering four or more years of higher education, is located in a community different from that in which its parent institution is located.

(h) The term "cooperative graduate center" means an institution or program created by two or more institutions of higher education which will offer to the students of the participating institutions of higher education graduate work which could not be offered with the same proficiency and/or economy at the individual institution of higher education. The center may be located or the program carried out on the campus of any of the participating institutions or at a separate location.

(i) The term "cooperative graduate center board" means a duly constituted board established to construct and maintain the cooperative graduate center and coordinate academic programs. The board shall be composed of representatives of each of the higher education institutions participating in the center and of the community involved. At least one-third of the board's members shall be community representa-

tives. The board shall elect by a majority vote a chairman from among its membership.

(j) The term "high school" does not include any grade beyond grade 12.

(k) The term "nonprofit educational institution" means an educational institution owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(l) The term "public educational institution" does not include a school or institution of any agency of the United States.

(m) The term "State" includes, in addition to the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

FEDERAL ADMINISTRATION

SEC. 402. (a) The Commissioner may delegate any of his functions under this Act, except the making of regulations, to any officer or employee of the Office of Education.

(b) In administering the provisions of this Act for which he is responsible, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement, as may be agreed upon.

(c) The Commissioner, with the approval of the Secretary of Health, Education, and Welfare, may appoint one or more advisory committees to advise and consult with the Commissioner with respect to the administration of any of his functions under title I or III of this Act. Members of any such committee, while attending conferences or meetings of the committee, shall be entitled to receive compensation at a rate to be fixed by the Secretary of Health, Education, and Welfare, but not to exceed \$75 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

LABOR STANDARDS

SEC. 403. (a) The Commissioner shall not approve any application for a grant or loan under this Act except upon adequate assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on construction assisted by such grant or loan will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and will receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours Standards Act (Public Law 87-581); but, in the case of any nonprofit educational institution, the Commissioner may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of the project, voluntarily donate their services for the purpose of lowering the costs of construction and the Commissioner determines

that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a) of this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

RECOVERY OF PAYMENTS

SEC. 404. (a) The Congress hereby finds and declares that, if a facility constructed with the aid of a grant or grants under title I or II of this Act is used as an academic facility for twenty years following completion of such construction, the public benefit accruing to the United States from such use will equal or exceed in value the amount of such grant or grants. The period of twenty years after completion of such construction shall therefore be deemed to be period of Federal interest in such facility for the purposes of this Act.

(b) If, within twenty years after completion of construction of an academic facility which has been constructed in part with a grant or grants under title I or II of this Act—

(1) the applicant (or its successor in title or possession) ceases or fails to be a public or nonprofit institution, or

(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term "academic facility" by section 401(a)(2),

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the then value of the facility (or so much thereof as constituted an approved project or projects) the same ratio as the amount of such Federal grant or grants bore to the development cost of the facility financed with the aid of such grant or grants. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

METHOD OF PAYMENT

SEC. 405. Payments under this Act to any State or Federal agency, institution of higher education, or any other organization, pursuant to a grant or loan, may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

ADMINISTRATIVE APPROPRIATIONS AUTHORIZED

SEC. 406. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each fiscal year thereafter, such sums as may be necessary for the cost of administering the provisions of this Act.

FEDERAL CONTROL NOT AUTHORIZED

SEC. 407. No department, agency, officer, employee of the United States shall, under authority of this Act, exercise any direction, supervision, or control over, or impose any requirements or conditions with

respect to, the personnel, curriculum, methods of instruction, or administration of any educational institution.

HIGHER EDUCATION FACILITIES CONSTRUCTION ASSISTANCE IN MAJOR
DISASTER AREAS

SEC. 408. (a) If the Director of the Office of Emergency Planning determines that a public institution of higher education is located in whole or in part within an area which, before July 1, 1967, has suffered a disaster which is a "major disaster" as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and if the Commissioner determines with respect to such public institution of higher education that—

(1) the academic facilities of the institution have been destroyed or seriously damaged as a result of the disaster;

(2) the institution is exercising due diligence in availing itself of State and other financial assistance available for the restoration or replacement of the facilities; and

(3) the institution does not have sufficient funds available to it from other sources, including the proceeds of insurance on the facilities, to provide for the restoration or replacement of the academic facilities so destroyed or seriously damaged,

the Commissioner may provide the additional assistance necessary to enable the institution to carry out construction necessary to restore or replace the facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available to the institution from other sources, including the proceeds of insurance on the facilities, may not exceed the cost of construction incident to the restoration or replacement of the academic facilities destroyed or seriously damaged as a result of the disaster.

(b) In addition to and apart from the assistance provided to a public institution of higher education under subsection (a), the Commissioner may provide funds to such institution in an amount which he considers necessary to replace equipment, maintenance supplies, and instructional supplies (including books, and curricular and program materials) destroyed or seriously damaged as a result of the disaster, or to lease or otherwise provide (other than by acquisition of land or construction of academic facilities) such facilities needed to replace temporarily those academic facilities which have been made unavailable as a result of the disaster, or both.

(c) In any case deemed appropriate by the Commissioner, disaster assistance provided under subsection (a) or (b) may be in the form of a repayable advance subject to such terms and conditions as he considers to be in the public interest.

(d) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section.

(e) No payment may be made to a public institution of higher education for academic facilities under subsection (a) or for assistance under subsection (b) unless an application therefor is submitted through the appropriate State commission and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the institutions which have submitted approvable applications. No payment may be made under

subsection (a) unless the Commissioner finds, after consultation with the State commission, that the project or projects with respect to which it is made are not inconsistent with overall State plans, submitted under section 105(a), for the construction of academic facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State commission.

(f) Amounts paid by the Commissioner to a public institution of higher education under subsection (a) or (b) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to an institution which are not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

(g) For the purposes of this section an institution of higher education is deemed to be a "public institution of higher education" if the institution is under public supervision and control.

SECTION 7 OF THE SMALL BUSINESS ACT (15 U.S.C. 636)

SEC. 7. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms.

(2) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

(3) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(4) Except as provided in paragraph (5)(A), no loan under this subsection shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this Act would exceed \$350,000; (B) the rate of interest for the Administration's share of any such loan shall be no more than 5½ per centum per annum; and (C) no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years except that a loan made for the purpose of constructing facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction.

(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business

concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, supplies or the benefits of research and development, or for establishing facilities for such purpose, (A) the limitation of \$350,000 prescribed in paragraph (4) shall not apply, but the limit of such loan shall be \$250,000 multiplied by the number of separate small businesses which formed and capitalized such corporation; (B) the rate of interest for the Administration's share of such loan shall be no less than 3 nor more than 5 per centum per annum; and (C) such loan, including renewals and extensions thereof, may not be made for a period or periods exceeding ten years except that if such loan is made for the purpose of constructing facilities it may have a maturity of twenty years plus such additional time as is required to complete such construction.

(6) The Administrator is authorized to consult with representatives of small-business concerns with a view to encouraging the formation by such concerns of the corporation referred to in paragraph (5). No act or omission to act, if requested by the Administrator pursuant to this paragraph, and if found and approved by the Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in this paragraph shall be exercised only (A) by the Administrator, (B) upon the condition that the Administrator consult with the Attorney General and with the Chairman of the Federal Trade Commission, and (C) upon the condition that the Administrator obtain the approval of the Attorney General before exercising such authority. Upon withdrawal of any request or finding hereunder or upon withdrawal by the Attorney General of his approval granted under the preceding sentence the provisions of this paragraph shall not apply to any subsequent act or omission to act by reason of such finding or request.

(7) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes;

(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small business concern located in an area affected by a disaster, if the Administration determines that the concern has suffered a substantial economic injury as a result of such disaster and if such disaster constitutes—

(A) a major disaster, as determined by the President under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g), or

(B) a natural disaster, as determined by the Secretary of Agriculture pursuant to the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961);

(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in reestablishing its business, if the Administration determines that such concern has suffered substantial economic injury as a result of its displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government; and the purposes of a loan made pursuant to this paragraph may, in the discretion of the Administrator, include the purchase or construction of other premises whether or not the borrower owned the premises from which it was displaced;

(4) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in reestablishing its business if the Administration determines that such concern has suffered substantial economic injury as a result of the inability of such concern to process or market a product for human consumption because of disease or toxicity occurring in such product through natural or undetermined causes.

No loan under this subsection, including renewals and extensions thereof, may be made, for a period or periods exceeding thirty years: *Provided*, That the Administrator may consent to a suspension in the payment of principal and interest charges on, and to an extension in the maturity of, the Federal share of any loan under this subsection for a period of not to exceed five years, if (A) the borrower under such loan is a homeowner or a small-business concern, (B) the loan was made to enable (i) such homeowner to repair or replace his home, or (ii) such concern to repair or replace plant or equipment which was damaged or destroyed as the result of a disaster meeting the requirements of clause (A) or (B) of paragraph (2) of this subsection, and (C) the Administrator determines such action is necessary to avoid severe financial hardship: *Provided further*, That the provisions of paragraph (1) of subsection (c) of this section shall not be applicable to any such loan having a maturity in excess of twenty years. The interest rate on the Administration's share of any loan made under this subsection shall not exceed 3 per centum per annum, except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of such loan shall not be more than the higher of (A) $2\frac{3}{4}$ per centum per annum; or (B) the average annual interest rate on all interest-

bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum. In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(c)(1) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, or Reorganization Plan Numbered 1 of 1957, for additional periods not to exceed ten years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

(2) During any period in which principal and interest charges are suspended on the Federal share of any loan, as provided in subsection (b), the Administrator shall, upon the request of any person, firm, or corporation having a participation in such loan, purchase such participation, or assume the obligation of the borrower, for the balance of such period, to make principal and interest payments on the non-Federal share of such loan: *Provided*, That no such payments shall be made by the Administrator in behalf of any borrower unless (i) the Administrator determines that such action is necessary in order to avoid a default, and (ii) the borrower agrees to make payments to the Administration in an aggregate amount equal to the amount paid in its behalf by the Administrator, in such manner and at such times (during or after the term of the loan) as the Administrator shall determine having due regard to the purposes sought to be achieved by this paragraph.

(d) The Administration also is empowered to make grants to any State government or any agency thereof, any State-chartered development credit or finance corporation, any land-grant college or university, any college or school of business, engineering, commerce, or agriculture, or to any corporation formed by two or more of the entities hereinabove described which are eligible to receive such grants, for studies, research, and counseling concerning the managing, financing, and operation of small business enterprises and technical and statistical information necessary thereto in order to carry out the purposes of section 8(b)(1) by coordinating such information with existing information facilities within the State and by making such information available to State and local agencies. The Administrator may recommend to grant applicants particular studies or research which are to be financed by such grants. The total of all grants (including amendments and modifications thereof) made under this subsection within any one State in any one year shall not exceed \$40,000. The Administration may require, as a condition to any grant (or amendment or modification thereof) made under this subsection, that an additional amount not exceeding the amount of such grant be provided from sources other than the Administration to assist in carrying out the purposes for which such grant is made: *Provided*, That if such grant or any part thereof is to be utilized for the purpose of providing counseling services to individual small business enterprises the Administration shall require that such additional amount

be provided and in an amount which is equal to the amount of such grant. What constitutes such additional amount may be defined by the Administration.

(e) *In the administration of the disaster loan program under subsection (b)(1) of this section, in the case of property loss or damage as a result of a disaster which is a "major disaster" as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), the Small Business Administration, to the extent such loss or damage is not compensated for by insurance or otherwise, may lend to a privately owned college or university without regard to whether the required financial assistance is otherwise available from private sources, and may waive interest payments and defer principal payments on such a loan for the first three years of the term of the loan.*

MINORITY VIEWS

While we recognize that the Federal Government has a responsibility to provide assistance when major disasters occur, and have supported disaster relief legislation in the past, we must strongly oppose section 5 of S. 1861 as reported by the committee.

We must oppose this section, which would authorize Federal grants to farmers to replace livestock or growing crops damaged or destroyed as a result of a major disaster, for the following reasons:

1. It would create a new grant program of unknown cost, for which no provisions is made in the President's budget.

2. It is discriminatory, in that it would provide Federal grants for one group of citizens and not to others.

3. It is unnecessary because of substantial assistance available under existing law.

4. It is premature, in light of the report on Federal flood insurance recently submitted to the Congress by the Secretary of Housing and Urban Development which is now being considered by the Committee on Public Works.

NEW PROGRAM OF UNKNOWN UNBUDGETED COST

Section 5 contains no limitation upon the amount which may be appropriated to make grants to farmers, and there is absolutely no way of knowing what the cost of the program might be. No reliable estimates of the total value of property damaged in the past by major disasters are available. Even less are estimates available for losses which may occur in the future.

During the past 10 years, the Congress has appropriated \$1,476,216,000 in Federal funds for domestic disaster relief, exclusive of earthquakes. For fiscal year 1965, \$287,285,000 was appropriated and for fiscal year 1966 \$300,747,000 was appropriated for this purpose.

Section 5 would create a new grant program, the cost of which would be added to the already substantial expenditures being made by the Federal Government for domestic disaster relief. The President has not asked for this program and has made no provision for it in his budget.

In view of the present severe inflationary pressures, and the President's frequent criticism of the Congress for authorizing or appropriating money beyond his request, we believe that enacting section 5 would be extremely unwise. We would hold this view even if the potential cost of the program were known, and hold it even more strongly since there is no knowledge and no limit as to the possible cost.

A DISCRIMINATORY PROGRAM

When a major disaster strikes, citizens in all groups and occupations may suffer severe loss and hardship. Homeowners and businessmen,

as well as farmers, may lose all or a substantial part of their property. To single out any one group to be the sole beneficiary of this new Federal grant program is blatantly discriminatory toward all other citizens who are excluded.

In this connection, it should be pointed out that section 5 authorizes grants to "replace" growing crops. Obviously, the only way that a destroyed growing crop can be replaced is by replanting. The only thing that will be "replaced" by these grants is two-thirds of the income which might have been realized by a farmer except for the occurrence of a major disaster. It thus has little relationship to sustaining food supplies.

We recognize that the losses suffered by private individuals because of major disasters is a problem demanding serious study by the Congress. But we are unalterably opposed to legislation which would provide for Federal payments to one group or class of citizens while excluding all others.

UNNECESSARY BECAUSE OF ASSISTANCE ALREADY AVAILABLE

In reporting on a provision similar to section 5 of S. 1861 as reported, the Bureau of the Budget pointed out the fact that the Secretary of Agriculture already offers substantial assistance to farmers in case of loss or damage, and questioned the need for additional authority.

Farmers can obtain emergency loans from the Farmers Home Administration in case of a natural disaster (not necessarily a "major disaster" declared by the President).

This program provides emergency loans to eligible farmers in designated areas where natural disasters such as floods and droughts have brought about a temporary need for credit not available from other sources. Loan funds may be used to—

- (1) purchase feed, fuel, seed, fertilizer, and farm and home supplies;
- (2) replace livestock lost in the disaster;
- (3) replace or repair farm and home equipment;
- (4) replace or repair disaster-damaged farm buildings, fences, drainage, or irrigation systems;
- (5) level land and remove debris resulting from the disaster;
- (6) pay current taxes on real property when necessary;
- (7) pay for water necessary for farm operation;
- (8) make minor repairs to, or improvements in, farm water supplies; and
- (9) pay labor, machinery rental, and other essential expenses.

In addition to such emergency loans, farmers can obtain operating loans from the Farmers Home Administration for a variety of purposes, without regard to the occurrence of a disaster.

In addition, the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture administers three disaster relief programs for farmers.

The first is under the wheat, feed grains, and cotton programs. Under Public Law 89-321, as amended, farmers unable to plant or harvest these crops because of drought, flood, or other adverse conditions are still permitted to receive Government price support and diversion payments. These payments, which exceed \$2 billion per year are therefore available to farmers in the event of crop failures on these major crops.

The second program involves disaster feed aid whereby the Department of Agriculture makes feed grains available to eligible livestock farmers at prices well below current market prices in designated disaster areas.

A third program permits farmers in designated drought disaster areas to graze or harvest land that has been diverted or idled pursuant to the Soil Bank Act, the cropland adjustment program, or the various commodity programs.

In addition to these programs cost sharing for emergency conservation assistance is made available under the agricultural conservation program (ACP). In fiscal year 1965, some \$22.5 million was spent on this program in 531 counties in 36 States, thereby directly benefiting 36,000 farmers and ranchers. This program is available only in designated disaster areas.

In view of the availability of such assistance, we believe that there is no necessity or need to give this type of additional preferential treatment at this time.

PREMATURE BECAUSE OF PENDING PROPOSALS

In Public Law 89-339 (the Southeast Hurricane Disaster Relief Act of 1965), which was reported by the Committee on Public Works, the Secretary of Housing and Urban Development was directed to undertake a study of alternative programs to aid those suffering property losses in flood and other natural disasters, and to make a report and recommendations to the Congress. This report was submitted to the Congress in August of this year and, among other things, recommends the establishment of a national flood insurance program.

Because the report is voluminous and detailed, and because the recommendations are far-reaching, the committee decided to defer action until the next session of Congress, in order to allow time for careful, thorough deliberation.

It was because of this pending matter that the committee agreed to postpone consideration of proposals to establish a new program of financial assistance to homeowners and businessmen.

We believe that this decision by the committee was wise, and we believe that the reasons which led to it are equally valid and persuasive with respect to financial assistance to farmers. It is to be noted that in a letter dated October 15, 1965, the Bureau of the Budget recommended deferral of all general disaster legislation of the type contained in S. 1861, pending receipt and consideration of the report submitted by the Secretary of Housing and Urban Development.

Section 5 is obviously premature, in addition to being of dubious merit, and should not be enacted at this time.

WILLIAM C. CRAMER.
JOHN C. KUNKEL.
JAMES R. GROVER, Jr.
JAMES C. CLEVELAND.
ROBERT C. McEWEN.
JAMES D. MARTIN.

SUPPLEMENTAL VIEWS

While I can partially agree with the minority views, I must state further, however, that I felt compelled to support section 5 of S. 1861.

The principal reasons are due to my personal exposure to and experience with flood disasters throughout the country. In the last 3 years, I have traveled with the Flood Control Subcommittee to various sections hard hit with floods or other disasters. The results were nearly all the same—a devastating loss of cattle, crops, or property.

In this legislation, we are attempting to provide immediate response to the President's declaration of national disaster emergencies.

We all realize, however, that the total answer to providing relief will not be available until the recommendations for a national flood insurance program are fully considered next year.

With the pending protection dependent upon the enactment of legislation next year, some of us felt it would be wise to offer some limited assistance until such time as the insurance program could be finalized in 1967. Hence, section 5 was added.

An amendment I offered was accepted by the committee, placing a 2-year limitation on the assistance provided under section 5. Actually, I offered another amendment in committee to place the time limitation at 1 year on section 5.

My principal objection has been to provide immediate assistance to disaster victims until such time as the disaster and flood insurance program is finalized. Also, I believe the time limitation will serve to accelerate the efforts of Congress to complete the flood insurance program in cooperation with private insurance carriers.

Therefore, with the previously mentioned time limitation on section 5, I believe we have adequate protection against a permanent program of grants.

With the report from the Department of Housing and Urban Development having been filed and now under consideration by the committee and the Office of Emergency Planning, I cannot overemphasize the need for moving forward next year to complete the flood and disaster insurance program, so as to provide the ultimate in relief to the disaster victims of the country.

DON H. CLAUSEN.

89TH CONGRESS
2D SESSION

S. 1861

[Report No. 2141]

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 1965

Referred to the Committee on Public Works

SEPTEMBER 28, 1966

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

AN ACT

To provide additional assistance for areas suffering a major disaster.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Disaster Relief Act of
4 1965”.

5 DEFINITIONS

6 SEC. 2. As used in this Act, the term "major disaster"
7 means a major disaster as determined by the President pur-
8 suant to the Act entitled "An Act to authorize Federal
9 assistance to States and local governments in major disasters,

1 and for other purposes", approved September 30, 1950, as
2 amended (42 U.S.C. 1855-1855g).

3 FEDERAL LOAN ADJUSTMENTS

4 SEC. 3. (a) Where such action is found to be necessary
5 because of loss, destruction, or damage of the property, or
6 impairment of the economic feasibility of the system, of bor-
7 rowers under programs administered by the Rural Electrifi-
8 cation Administration, resulting from a major disaster, the
9 Secretary of Agriculture is authorized to adjust and to re-
10 adjust the schedules for payment of principal and interest on
11 loans to such borrowers, and to extend the maturity dates
12 of such loans to a period not beyond forty years from the
13 dates of such loans. The authority herein conferred is in
14 addition to the loan extension authority provided in section
15 12 of the Rural Electrification Act.

16 (b) The Housing and Home Finance Administra-
17 tor is authorized to refinance any note or other obligation
18 which is held by him in connection with any loan made by
19 the Housing and Home Finance Agency, or which is in-
20 cluded within the revolving fund for liquidating programs
21 established by the Independent Offices Appropriation Act of
22 1955, where he finds such refinancing necessary because of
23 the loss, destruction, or damage to property or facilities
24 securing such obligations as a result of a major disaster.
25 The interest rate on any note or other obligation refinanced

under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years: *Provided*, That the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(e) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

“(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans’ Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as defined in subsection 1855a(a) of title 42, United States Code. The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than 3 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed

1 five years if he determines that such action is necessary to
2 avoid severe financial hardships.”

3 ~~(d)~~ In the administration of the disaster loan program
4 under section 7(b) of the Small Business Act, any applica-
5 tion for a loan thereunder in an amount of \$30,000 or less
6 in the case of a homeowner, or \$100,000 or less in the case
7 of a business concern, may be granted, if such loan is for
8 the repair, rehabilitation, or replacement of property dam-
9 aged or destroyed as the result of a major disaster, without
10 regard to whether the required financial assistance is other-
11 wise available from private sources.

12 ~~(e)~~ In the administration of subtitle III of the Consoli-
13 dated Farmers Home Administration Act of 1961, relating
14 to emergency loans, any application for a loan thereunder
15 in an amount of \$30,000 or less may be granted, if such loan
16 is for the repair, rehabilitation, or replacement of property
17 damaged or destroyed as the result of a major disaster, with-
18 out regard to whether the Secretary of Agriculture finds that
19 the required financial assistance can be met by private, coop-
20 erative, or other responsible sources (including loans the
21 Secretary of Agriculture is authorized to make or insure
22 under any other provision of law).

23 ~~(f)~~ Such sums as may be necessary to carry out the
24 provisions of this section are hereby authorized to be ap-
25 propriated.

1 GRANTS TO STATES FOR ASSISTANCE TO HOMEOWNERS
2 AND BUSINESSES

3 SEC. 4. ~~(a)~~ The President is authorized in accordance
4 with the provisions of this section to provide assistance to
5 the States in developing and carrying out comprehensive and
6 practicable programs for assisting homeowners and business
7 concerns suffering property losses as the result of a major dis-
8 aster. For the purposes of this section, the term "State" in-
9 cludes the District of Columbia and the Commonwealth of
10 Puerto Rico.

11 ~~(b)~~ From the sums appropriated pursuant to subsection
12 ~~(i)~~ the President is authorized—

13 ~~(1)~~ to make grants to any State, upon application
14 therefor, in an amount not to exceed 50 per centum of
15 the cost of developing a program referred to in subsection
16 ~~(a)~~: *Provided*, That the total grants made to any State
17 under this paragraph shall not exceed \$250,000; and

18 ~~(2)~~ to make grants to any State, upon the basis of
19 an approved State plan, to pay not to exceed 50 per
20 centum of the cost of carrying out such a program.

21 ~~(c)~~ Any State desiring to participate in the grant pro-
22 gram under paragraph ~~(2)~~ of the preceding subsection shall
23 designate or create an agency which is specially qualified to
24 administer such a disaster relief program, and shall, through
25 such agency, submit a State plan which shall—

1 (1) set forth a comprehensive and detailed State
2 program for assistance to homeowners and business con-
3 cerns suffering property losses as a result of a major
4 disaster;—

5 (2) specify that the homeowner or business concern
6 will assume 25 per centum of the property loss sustained
7 by it as a result of such a disaster, and the State will
8 agree to pay 25 per centum of such loss;

9 (3) provide that no homeowner or business concern
10 shall be eligible to participate in such a State program
11 unless the damage to the property of such owner or con-
12 cern resulting from such a disaster exceeds 5 per centum
13 of the value of such property prior to such a disaster, or
14 \$100, whichever is the greater;

15 (4) specify that the maximum amount of loss to
16 be shared jointly by the homeowner or business concern,
17 the State, and the Federal Government under such a
18 program shall be \$30,000 in the case of a homeowner,
19 and \$100,000 in the case of a business concern;

20 (5) provide a means of appraisal to establish the
21 fair market value of the property of such owner or con-
22 cern damaged or destroyed as a result of such a disaster;

23 (6) provide assurances that equitable treatment will
24 be accorded all eligible property owners;

1 ~~(7)~~ contain satisfactory evidence that the State will
2 adequately supervise such program;

3 ~~(8)~~ provide such fiscal control and fund accounting
4 procedures as the President deems necessary; and

5 ~~(9)~~ set forth such further information as the Presi-
6 dent may by regulation require.

7 ~~(d)~~ The President shall approve any State plan which
8 complies with the provisions of subsection ~~(c)~~ of this section.

9 ~~(e)~~ No grant may be made under this section—

10 ~~(1)~~ for any loss for which private insurance is
11 available and collectible in such State at reasonable rates;

12 ~~(2)~~ for any loss in a State which does not have
13 approved flood-plain zoning controls or other similar
14 preventive measures in force; and

15 ~~(3)~~ to any public agency or organization for the
16 loss of any property owned by such agency or organiza-
17 tion.

18 ~~(f)~~ The President shall prescribe such rules and regula-
19 tions as he deems necessary for the effective administration
20 of this section, and to prevent the waste or dissipation of
21 Federal funds.

22 ~~(g)~~ Each State receiving assistance under this section
23 shall through its designated State agency, make such reports

1 as the President may require, and each such agency shall,
 2 upon request of the President, make available its books and
 3 records for audit and examination.

4 ~~(h)~~ The President may exercise the powers conferred
 5 upon him by this section either directly or through such
 6 Federal agency as he may designate.

7 ~~(i)~~ Such sums as may be necessary to carry out the
 8 purposes of this section are hereby authorized to be appro-
 9 priated.

10 SHELTER FOR DISASTER VICTIMS

11 SEC. 5. ~~(a)~~ The President is authorized to provide
 12 dwelling accommodations for any individual or family when-
 13 ever he determines—

14 ~~(1)~~ that such individual or family occupied a house
 15 ~~(as an owner or tenant)~~ which was destroyed, or
 16 damaged to such an extent that it is uninhabitable, as
 17 the result of a major disaster; and

18 ~~(2)~~ that such action is necessary to avoid severe
 19 hardship on the part of such individual family; and

20 ~~(3)~~ that such owner or tenant cannot otherwise pro-
 21 vide suitable dwelling accommodations for himself and/
 22 or his family.

23 ~~(b)~~ Such dwelling accommodations, including mobile
 24 homes, as may be necessary to meet the need, shall be pro-
 25 vided through acquisition, acquisition and rehabilitation, or

1 lease. Dwelling accommodations in such housing shall be
 2 made available to any such individual or family for such pe-
 3 riod as may be necessary to enable the individual or family
 4 to find other decent, safe, and sanitary housing which is
 5 within his or its ability to finance. Rentals shall be estab-
 6 lished for such accommodations, under such rules and regula-
 7 tions as the President may prescribe and shall take into con-
 8 sideration the financial ability of the occupant. In cases of
 9 financial hardship, rentals may be compromised or adjusted
 10 for a period not to exceed twelve months, but in no case
 11 shall any such individual or family be required to incur a
 12 monthly housing expense (including any fixed expense re-
 13 lated to the amortization of debt owing on a house destroyed
 14 or damaged in a disaster) which is in excess of 25 per
 15 centum of the individual's or family's monthly income.

16 ~~(e)~~ In the performance of, and with respect to, the
 17 powers and duties conferred upon him by this section, the
 18 President may—

19 ~~(1)~~ prescribe such rules and regulations as he deems
 20 necessary to carry out the purposes of this section;

21 ~~(2)~~ exercise such powers and duties either directly
 22 or through such Federal agency or agencies as he may
 23 designate;

24 ~~(3)~~ sell or exchange at public or private sale, or

1 lease, any real property acquired or constructed under
2 this section;

3 ~~(4)~~ obtain insurance against loss in connection with
4 any such real property;

5 ~~(5)~~ enter into agreements to pay annual sums in
6 lien of taxes to any State or local taxing authority with
7 respect to any such real property; and

8 ~~(6)~~ include in any contract or instrument made
9 pursuant to this section, such conditions and provisions
10 as he deems necessary to assure that the purposes of
11 this section will be achieved.

(d) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated.

15 ~~FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER~~
16 ~~LOANS~~

17 SEC. 6. Section 221 of the National Housing Act is
18 amended by striking out "or as a result of governmental
19 action", in subsections (a), (d)(2), (d)(3), (d)(6), and
20 (f), and inserting in lieu thereof "as a result of govern-
21 mental action, or as a result of a major disaster as determined
22 by the President pursuant to the Act entitled 'An Act to
23 authorize Federal assistance to States and local governments
24 in major disasters, and for other purposes', approved Septem-
25 ber 30, 1950, as amended (42 U.S.C. 1855-1855g)".

1 ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS

2 SEC. 7. (a) The Secretary of Agriculture is authorized
3 to make grants to farmers whose farmlands or livestock have
4 been damaged as the result of a major disaster. Such grants
5 shall be made (1) for the purpose of assisting such farmers to
6 prepare such lands for cultivation and to restore such lands or
7 livestock to normal productive capacity; and (2) only in the
8 case of lands on the farm normally used in the production of
9 an agricultural crop. No grant shall be made hereunder
10 to assist in restoring lands or livestock to production unless
11 the Secretary determines that the cost of preparing such
12 lands for production has been increased as a direct result of
13 such major disaster.

14 (b) The amount of the grant authorized under this sec-
15 tion in the case of any farmer shall not exceed an amount
16 determined by the Secretary to be equal to two-thirds of the
17 total cost of preparing the damaged lands for cultivation and
18 restoring them to normal productive capacity; and in no event
19 shall the amount of any such grant in the case of any farmer
20 exceed \$10,000.

21 (c) The Secretary is authorized to impose such reason-
22 able terms and conditions on the making of such grants as he
23 determines necessary to carry out effectively the purposes of
24 this section.

1 ~~(d)~~ Such sums as necessary to carry out its provisions
2 of this section are hereby authorized to be appropriated.

3 DISASTER WARNINGS

4 SEC. 8. ~~(a)~~ The Secretary of Defense is authorized to
5 utilize the facilities of the civil defense communications sys-
6 tem established and maintained pursuant to section 201~~(c)~~
7 of the Federal Civil Defense Act of 1950, as amended ~~(50~~
8 U.S.C. App. 2281~~(c)~~); for the purpose of providing needed
9 warning to governmental authorities and the civilian popula-
10 tion in areas endangered by imminent natural disasters.

11 ~~(b)~~ There are authorized to be appropriated such sums
12 as may be necessary to carry out the provisions of subsection
13 ~~(a)~~.

14 ASSISTANCE TO UNINCORPORATED COMMUNITIES

15 SEC. 9. ~~(a)~~ The Act entitled "An Act to authorize Fed-
16 eral assistance to States and local governments in major dis-
17 asters, and for other purposes", approved September 30,
18 1950, as amended ~~(42 U.S.C. 1855)~~, is amended by insert-
19 ing before the semicolon at the end of section 2~~(c)~~ a comma
20 and by adding the following: "and includes any rural com-
21 munity or unincorporated town or village with respect to
22 which the head of the Federal agency concerned determines
23 that ~~(1)~~ there is a need for assistance under this Act, ~~(2)~~ the
24 furnishing of such assistance is feasible, and ~~(3)~~ it will be
25 effectively utilized".

Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (~~7 U.S.C. 1926~~) is amended by adding the following new subsection (c): "In areas which have suffered major disasters the Secretary is authorized, without regard to the limitations of subsection (a) or (b), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, or extension of waste disposal systems and other public facilities providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster. The Secretary is also authorized to make construction grants not to exceed 50 per centum of the cost of waste disposal systems, water systems, and other public facilities providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost for such services in comparable communities in the State.

(b) Such sums as may be necessary to carry out the

1 provisions of this section are hereby authorized to be
2 appropriated.

3 ELEMENTARY AND SECONDARY SCHOOL ASSISTANCE IN
4 DISASTER AREAS

5 SEC. 10. (a) The Act of September 23, 1950, Public
6 Law 845, Eighty-first Congress, as amended (20 U.S.C.
7 631-645), is amended by inserting, immediately after the
8 last section of that Act, the following new section:

9 "SCHOOL CONSTRUCTION ASSISTANCE IN MAJOR DISASTER
10 AREAS

11 "SEC. 16. (a) If the Director of the Office of Emer-
12 gency Planning determines with respect to any local educa-
13 tional agency that—

14 "(1)(A) such agency is located in whole or in
15 part within an area which, after the date of enactment of
16 this section and prior to July 1, 1967, has suffered a
17 major disaster as a result of any flood, drought, fire,
18 hurricane, earthquake, storm, or other catastrophe which,
19 in the determination of the President pursuant to section
20 2(a) of the Act of September 30, 1950 (42 U.S.C.
21 1855a(a)), is or threatens to be of sufficient severity
22 and magnitude to warrant disaster assistance by the Fed-
23 eral Government, and

24 "(B) the Governor of the State in which such
25 agency is located has certified the need for disaster assist-

1 ance under this section, and has given assurance of
2 expenditure of a reasonable amount of the funds of the
3 government of such State, or of any political subdivision
4 thereof, for the same or similar purposes with respect to
5 such catastrophe;

6 and if the Commissioner determines with respect to such
7 local educational agency that—

8 “(2) public elementary or secondary school facili-
9 ties of such agency have been destroyed or seriously
10 damaged as a result of this major disaster;

11 “(3) such agency is making a reasonable tax effort
12 and is exercising due diligence in available itself of State
13 and other financial assistance available for the replace-
14 ment or restoration of such school facilities;

15 “(4) such agency does not have sufficient funds
16 available to it from State, local, and other Federal sources
17 (including funds available under other provisions of this
18 Act), and from the proceeds of insurance on such school
19 facilities, to provide the minimum school facilities needed
20 for the restoration or replacement of the school facilities
21 so destroyed or seriously damaged; and

22 “(5) to the extent that the operation of private
23 elementary and secondary schools in the school at-
24 tendance area of the local educational agency has been

1 disrupted or impaired by such disaster, such local educa-
2 tional agency has complied with the provisions of section
3 7(a)(3) of the Act of September 30, 1950 (Public
4 Law 874, Eighty-first Congress), with respect to pro-
5 visions for the conduct of educational programs under
6 public auspices and administration in which children
7 enrolled in such private elementary and secondary
8 schools may attend and participate;

9 the Commissioner may provide the additional assistance
10 necessary to enable such agency to provide such facilities;
11 upon such terms and in such amounts (subject to the provi-
12 sions of this section) as the Commissioner may consider to
13 be in the public interest; but such additional assistance, plus
14 the amount which he determines to be available from State,
15 local, and other Federal sources (including funds available
16 under other provisions of this Act, and from the proceeds of
17 insurance, may not exceed the cost of construction incident
18 to the restoration or replacement of the school facilities
19 destroyed or damaged as a result of the disaster.

20 “(b) There are hereby authorized to be appropriated for
21 each fiscal year such amounts as may be necessary to carry
22 out the provisions of this section. Pending such appropria-
23 tion, the Commissioner may expend from any funds hereto-
24 fore or hereafter appropriated for expenditure in accordance
25 with other sections of this Act such sums as may be neces-

1 sary for immediately providing assistance under this section,
2 such appropriations to be reimbursed from the appropriations
3 authorized by this subsection when made.

4 “(c) No payment may be made to any local educational
5 agency under subsection (a) except upon application there-
6 for which is submitted through the appropriate State educa-
7 tional agency and is filed with the Commissioner in accord-
8 ance with regulations prescribed by him, and which meets
9 the requirements of section 6(b)(1). In determining the
10 order in which such applications shall be approved, the Com-
11 missioner shall consider the relative educational and financial
12 needs of the local educational agencies which have sub-
13 mitted approvable applications. No payment may be made
14 under subsection (a) unless the Commissioner finds, after
15 consultation with the State and local educational agencies,
16 that the project or projects with respect to which it is made
17 are not inconsistent with overall State plans for the con-
18 struction of school facilities. All determinations made by the
19 Commissioner under this section shall be made only after
20 consultation with the appropriate State educational agency
21 and the local educational agency.

22 “(d) Amounts paid by the Commissioner to local edu-
23 cational agencies under subsection (a) may be paid in ad-
24 vance or by way of reimbursement and in such installments

1 as the Commissioner may determine. Any funds paid to
2 a local educational agency and not expended or otherwise
3 used for the purposes for which paid shall be repaid to the
4 Treasury of the United States.

5 “(e) None of the provisions of sections 1 to 10, both
6 inclusive, other than section 6(b)(1), shall apply with
7 respect to this section.”

8 SEC. 2. The Act of September 30, 1950, as amended,
9 is amended by inserting, immediately after section 6 of that
10 Act, the following new section:

11 “ASSISTANCE FOR CURRENT SCHOOL EXPENDITURES IN
12 MAJOR DISASTER AREAS

13 “SEC. 7. (a) If the Director of the Office of Emer-
14 gency Planning determines with respect to any local educa-
15 tional agency that—

16 “(1)(A) such agency is located in whole or in
17 part within an area which, after the date of enactment
18 of this section and prior to July 1, 1967, has suffered a
19 major disaster as a result of any flood, drought, fire,
20 hurricane, earthquake, storm, or other catastrophe
21 which, in the determination of the President pursuant
22 to section 2(a) of the Act of September 30, 1950 (42
23 U.S.C. 1855a(a)), is or threatens to be of sufficient
24 severity and magnitude to warrant disaster assistance
25 by the Federal Government, and

1 “(B) the Governor of the Senate in which such
2 agency is located has certified the need for disaster
3 assistance under this section, and has given assurance of
4 expenditure of a reasonable amount of the funds of the
5 government of such State, or of any political subdivision
6 thereof, for the same or similar purposes with respect
7 to such catastrophe,

8 and if the Commissioner determines with respect to such local
9 educational agency that—

10 “(2) such agency is making a reasonable tax effort
11 and is exercising due diligence in availing itself of State
12 and other financial assistance, but as a result of such
13 major disaster it is unable to secure sufficient funds to
14 meet the cost of providing free public education for the
15 children attending the schools of such agency, and

16 “(3) to the extent that the operation of private
17 elementary and secondary schools in the school attend-
18 ance area of such local educational agency has been dis-
19 rupted or impaired by such disaster, such local educa-
20 tional agency has made provision for the conduct of edu-
21 cational programs under public auspices and adminis-
22 tration in which children enrolled in such private elemen-
23 tary and secondary schools may attend and participate:
24 *Provided*, That nothing contained in this Act shall be

1 construed to authorize the making of any payment under
2 this Act for religious worship or instruction;
3 the Commissioner may provide to such agency the additional
4 assistance necessary to provide free public education to the
5 children attending the school of such agency; upon such
6 terms and in such amounts (subject to the provisions of this
7 section) as the Commissioner may consider to be in the pub-
8 lic interest. Such additional assistance may be provided for
9 a period not greater than a five fiscal year period beginning
10 with the fiscal year in which the President has determined
11 that such area suffered a major disaster. The amount so pro-
12 vided for any fiscal year shall not exceed the amount which
13 the Commissioner determines to be necessary to enable such
14 agency, with the State, local, and other Federal funds avail-
15 able to it for such purpose, to provide a level of education
16 equivalent to that maintained in the schools of such agency
17 during the last full fiscal year prior to the occurrence of such
18 major disaster, taking into account the additional costs rea-
19 sonably necessary to carry out the provisions of subparagraph
20 (3) of this section. The amount, if any, so provided for the
21 second, third, and fourth fiscal years following the fiscal year
22 in which the President determined that such area has suf-
23 fered a major disaster shall not exceed 75 per centum, 50
24 per centum, and 25 per centum, respectively of the amount

1 so provided for the first fiscal year following such determi-
2 nation.

3 “(b) In addition to and apart from the funds provided
4 under subsection (a), the Commissioner is authorized to
5 provide to such agency an amount which he determines
6 to be necessary to replace instructional and maintenance
7 supplies, equipment, and materials (including textbooks)
8 destroyed or seriously damaged as a result of such major
9 disaster, and to lease or otherwise provide (other than by
10 acquisition of land or erection of facilities) school and cafe-
11 teria facilities needed to replace temporarily such facilities
12 which have been made unavailable as a result of the major
13 disaster.

14 “(c) There is hereby authorized to be appropriated
15 for each fiscal year such amounts as may be necessary to
16 carry out the provisions of this section. Pending such appro-
17 priation, the Commissioner may expend from any funds
18 heretofore or hereafter appropriated for expenditure in ac-
19 cordance with other sections of this Act, such sums as may
20 be necessary for immediately providing assistance under this
21 section, such appropriations to be reimbursed from the appro-
22 priations authorized by this subsection when made.

23 “(d) No payment may be made to any local educa-

1 tional agency under this section except upon application
2 therefor which is submitted through the appropriate State
3 educational agency and is filed with the Commissioner in
4 accordance with regulations prescribed by him. In deter-
5 mining the order in which such applications shall be ap-
6 proved, the Commissioner shall consider the relative edu-
7 cational and financial needs of the local educational agencies
8 which have submitted approvable applications.

9 “(c) Amounts paid by the Commissioner to local edu-
10 cational agencies under this section may be paid in advance
11 or by way of reimbursement and in such installments as the
12 Commissioner may determine. Any funds paid to a local
13 educational agency and not expended or otherwise used for
14 the purposes for which paid shall be repaid to the Treasury
15 of the United States.”

16 HIGHWAY ASSISTANCE IN DISASTER AREAS

17 SEC. 11. (a) Section 120 (f) of title 23 of the United
18 States Code, relating to the Federal share in emergency high-
19 way relief, is amended by inserting before the period at the
20 end of the first sentence a colon and the following: “*And*
21 *provided further*, That the Federal share payable on account
22 of any repair or reconstruction of any Federal-aid highway
23 necessitated by a major disaster, as determined by the Presi-

1 dent pursuant to section 2(a) of the Act of September 30,
 2 1950 (42 U.S.C. 1855a(a)), may be as much as 100 per
 3 centum of the cost thereof”.

4 (b) Section 125 of title 23 of the United States
 5 Code, relating to emergency highway relief, is amended
 6 by striking out the second sentence and inserting in lieu
 7 thereof “There is authorized to be appropriated from the
 8 General Fund not to exceed \$50,000,000 for the fiscal
 9 year ending June 30, 1965, and not to exceed \$50,000,000
 10 for each fiscal year thereafter for the purposes of such fund”.

11 PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC

12 FACILITY AND PUBLIC HOUSING ASSISTANCE

13 SEC. 12. In the processing of applications for assist-
 14 ance—

15 (1) under title II of the Housing Amendments of
 16 1955, or any other Act providing assistance for the
 17 repair, construction, or extension of public facilities; or

18 (2) under the United States Housing Act of 1937
 19 for the provision of low-rent housing;

20 priority and immediate consideration shall be given, during
 21 such period as the President shall by proclamation prescribe,
 22 to applications from public bodies situated in major disaster
 23 areas.

1 AUTHORIZATION FOR PUBLIC WORKS EXPENDITURES

2 SEC. 13. (a) There is hereby authorized to be appro-
3 priated such sums as may be necessary to repair, restore, or
4 reconstruct any project completed or under construction for
5 flood control, navigation, irrigation, reclamation, public
6 power, sewage treatment, water treatment, watershed devel-
7 opment, or airport construction which has been damaged as
8 the result of a major disaster, and which has been specifically
9 authorized by Act of Congress, without regard to any other
10 statutory limitation on the amount which may be appropri-
11 ated in connection with such project.

12 (b) There is hereby authorized to be appropriated such
13 sums as may be necessary to repair, restore, or reconstruct
14 any public highway, road, trail, street, or bridge determined
15 by the Director of the Office of Emergency Planning to be
16 damaged or destroyed as the result of a major disaster and
17 which is not eligible for repair or reconstruction under sec-
18 tion 125 of title 23 of the United States Code. The Federal
19 share of the cost of any such repair, restoration, or recon-
20 struction shall be determined by such Director and may be
21 as much as 100 per centum of the cost thereof.

22 DUPLICATION OF BENEFITS

23 SEC. 14. The head of each department or agency of the
24 Government administering any program providing financial
25 assistance to persons, business concerns, or other entities suf-

1 fering losses as the result of a major disaster shall administer
2 such program in a manner which will assure that no such
3 person, concern, or other entity will receive such assistance
4 with respect to any part of such loss as to which he has
5 received financial assistance under any other such program.
6 *That this Act may be cited as the "Disaster Relief Act of*
7 *1966".*

8 DEFINITION

9 *SEC. 2. As used in this Act, the term "major disaster"*
10 *means a major disaster as determined by the President pur-*
11 *suant to the Act entitled "An Act to authorize Federal*
12 *assistance to States and local governments in major disasters,*
13 *and for other purposes", approved September 30, 1950, as*
14 *amended (42 U.S.C. 1855-1855g).*

15 FEDERAL LOAN ADJUSTMENTS

16 *SEC. 3. (a) Where such action is found to be necessary*
17 *because of loss, destruction, or damage of the property, or*
18 *impairment of the economic feasibility of the system, of bor-*
19 *rowers under programs administered by the Rural Electrifi-*
20 *cation Administration, resulting from a major disaster, the*
21 *Secretary of Agriculture is authorized to adjust and to re-*
22 *adjust the schedules for payment of principal and interest on*
23 *loans to such borrowers, and to extend the maturity dates*
24 *of such loans to a period not beyond forty years from the*
25 *dates of such loans. The authority herein conferred is in*

1 addition to the loan extension authority provided in section
2 12 of the Rural Electrification Act.

3 (b) The Secretary of Housing and Urban Development
4 is authorized to refinance any note or other obligation which
5 is held by him in connection with any loan made by the
6 Department of Housing and Urban Development or its
7 predecessor in interest, or which is included within the
8 revolving fund for liquidating programs established by the
9 Independent Offices Appropriation Act of 1955, where he
10 finds such refinancing necessary because of the loss, destruc-
11 tion, or damage to property or facilities securing such
12 obligations as a result of a major disaster. The interest
13 rate on any note or other obligation refinanced under this
14 subsection may be reduced to a rate not less than (i) a
15 rate determined by the Secretary of the Treasury taking
16 into consideration the current average market yield on
17 outstanding marketable obligations of the United States
18 with remaining periods to maturity comparable to the average
19 maturity of such note or other obligation, adjusted to the
20 nearest one-eighth of 1 per centum, less (ii) not to exceed
21 2 per centum per annum, and the term thereof may be ex-
22 tended for such period as will provide a maturity of not to
23 exceed forty years. The Secretary may authorize a suspen-
24 sion in the payment of principal and interest charges on, and
25 an additional extension in the maturity of, any such loan for

1 a period not to exceed five years if he determines that such
2 action is necessary to avoid severe financial hardship.

3 (c) Section 1820 of title 38, United States Code, is
4 amended by adding at the end thereof the following new sub-
5 section:

6 “(f) The Administrator is authorized to refinance any
7 loan made or acquired by the Veterans’ Administration
8 when he finds such refinancing necessary because of the loss,
9 destruction, or damage to property securing such loan as the
10 result of a major disaster as determined by the President
11 pursuant to the Act entitled “An Act to authorize Federal
12 assistance to States and local governments in major disasters,
13 and for other purposes”, approved September 30, 1950, as
14 amended (42 U.S.C. 1855–1855g). The interest rate on
15 any loan refinanced under this subsection may be reduced to
16 a rate not less than (i) a rate determined by the Secretary of
17 the Treasury taking into consideration the current average
18 market yield on outstanding marketable obligations of the
19 United States with remaining periods to maturity comparable
20 to the average maturity of such loan, adjusted to the nearest
21 one-eighth of 1 per centum, less (ii) not to exceed 2 per
22 centum per annum, and the term thereof may be extended for
23 such period as will provide a maturity of not to exceed forty
24 years; except that the Administrator may authorize a sus-
25 pension in the payment of principal and interest charges on,

1 *and an additional extension in the maturity of, any such loan*
 2 *for a period not to exceed five years if he determines that*
 3 *such action is necessary to avoid severe financial hardship.”*

4 *FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER*
 5 *LOANS*

6 *SEC. 4. (a) Section 221 of the National Housing Act*
 7 *is amended by striking out “family displaced from an urban*
 8 *renewal area or as a result of governmental action”, “fami-*
 9 *lies displaced from urban renewal areas or as a result of*
 10 *governmental action”, and “families displaced by urban*
 11 *renewal or other governmental action” each place they appear*
 12 *in subsections (a), (d)(2), (d)(3)(iii), (d)(6), and (f),*
 13 *and inserting in lieu thereof, as appropriate, “displaced*
 14 *family” or “displaced families”.*

15 *(b) Section 221(f) of such Act is further amended by*
 16 *adding the following sentence at the end thereof: “As used*
 17 *in this section the terms ‘displaced family’ and ‘displaced*
 18 *families’ shall mean a family or families displaced from an*
 19 *urban renewal area, or as a result of governmental action,*
 20 *or as a result of a major disaster as determined by the Presi-*
 21 *dent pursuant to the Act entitled ‘An Act to authorize Fed-*
 22 *eral assistance to States and local governments in major*
 23 *disasters, and for other purposes’, approved September 30,*
 24 *1950, as amended (42 U.S.C. 1855–1855g).”*

1 *ASSISTANCE TO FARMERS IN MAJOR DISASTER AREAS*

2 *SEC. 5. (a) The Secretary of Agriculture may make*
3 *grants to farmers to replace income-producing livestock which*
4 *are injured or killed as a result of a major disaster occurring*
5 *before January 1, 1969, and income-producing growing*
6 *crops (including timber) which are damaged or destroyed*
7 *as a result of a major disaster occurring before January 1,*
8 *1969, in the event and to the extent that he finds a farmer is*
9 *unable to qualify for loans to replace livestock or growing*
10 *crops lost as a result of the disaster, and that insurance*
11 *against such loss of livestock or growing crops was not avail-*
12 *able at reasonable rates.*

13 *(b) The amount of the grant authorized under this sec-*
14 *tion in the case of any farmer for income-producing livestock*
15 *or growing crops shall not exceed an amount determined*
16 *by the Secretary to be equal to two-thirds of the value of the*
17 *livestock or growing crops destroyed and in no event shall*
18 *the amount of any such grant in the case of any farmer*
19 *exceed \$10,000.*

20 *(c) The Secretary is authorized to impose such reason-*
21 *able terms and conditions on the making of such grants as he*
22 *determines necessary to carry out effectively the purposes of*
23 *this section.*

DISASTER WARNINGS

2 *SEC. 6. The Secretary of Defense is authorized to*
3 *utilize or to make available to other agencies the facilities of*
4 *the civil defense communications system established and main-*
5 *tained pursuant to section 201(c) of the Federal Civil De-*
6 *fense Act of 1950, as amended (50 U.S.C. App. 2281(c)),*
7 *for the purpose of providing needed warning to governmental*
8 *authorities and the civilian population in areas endangered*
9 *by imminent natural disasters.*

ASSISTANCE TO UNINCORPORATED COMMUNITIES

11 SEC. 7. (a) The Act entitled "An Act to authorize Fed-
12 eral assistance to States and local governments in major dis-
13 asters, and for other purposes", approved September 30,
14 1950, as amended (42 U.S.C. 1855), is amended by insert-
15 ing before the semicolon at the end of section 2(e) a comma
16 and the following: "and includes any rural community or
17 unincorporated town or village for which an application for
18 assistance is made by a State or local government or govern-
19 mental agency".

(b) Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926), is amended by adding at the end thereof the following new subsection:

24 “(c) In areas which have suffered major disasters the

1 Secretary is authorized, without regard to the annual grant
2 limitation in subsection (a)(2), to make or insure loans to
3 associations, including corporations not operated for profit
4 and public and quasi-public agencies, for the acquisition,
5 construction, improvement, replacement, or extension of waste
6 disposal systems and other public facilities damaged or de-
7 stroyed as a result of a major disaster providing for commu-
8 nity services in rural areas, when the Secretary determines
9 that such action is necessary for the rebuilding of a commu-
10 nity or a portion thereof damaged by a disaster, and to make
11 grants not to exceed 50 per centum of the cost of repair, recon-
12 struction, or replacement of waste disposal systems, water
13 systems, and other public facilities damaged or destroyed as
14 a result of a major disaster providing for community services
15 in these areas in any case in which repayment of a loan for
16 such purposes from income would require a charge for such
17 service which the Secretary determines to be beyond the
18 ability of a majority of the users who might be served there-
19 by to pay such charges and if such charge would exceed
20 cost of such services in comparable communities in the State.”

21 HIGHER EDUCATION FACILITIES ASSISTANCE IN DISASTER

22 AREAS

23 SEC. 8. (a) The Higher Education Facilities Act of
24 1963 (20 U.S.C. 701-757) is amended by inserting im-

1 *mediately after the last section of such Act the following*
 2 *new section:*

3 *“HIGHER EDUCATION FACILITIES CONSTRUCTION ASSIST-*
 4 *ANCE IN MAJOR DISASTER AREAS*

5 *“SEC. 408. (a) If the Director of the Office of Emer-*
 6 *gency Planning determines that a public institution of higher*
 7 *education is located in whole or in part within an area which,*
 8 *before July 1, 1967, has suffered a disaster which is a*
 9 *‘major disaster’ as defined in section 2(a) of the Act of Sep-*
 10 *tember 30, 1950 (42 U.S.C. 1855a(a)), and if the Com-*
 11 *missioner determines with respect to such public institution of*
 12 *higher education that—*

13 *“(1) the academic facilities of the institution have*
 14 *been destroyed or seriously damaged as a result of the*
 15 *disaster;*

16 *“(2) the institution is exercising due diligence in*
 17 *availing itself of State and other financial assistance*
 18 *available for the restoration or replacement of the facil-*
 19 *ities; and*

20 *“(3) the institution does not have sufficient funds*
 21 *available to it from other sources, including the pro-*
 22 *ceeds of insurance on the facilities, to provide for the*
 23 *restoration or replacement of the academic facilities so*
 24 *destroyed or seriously damaged,*

25 *the Commissioner may provide the additional assistance*

1 *necessary to enable the institution to carry out construction*
2 *necessary to restore or replace the facilities, upon such terms*
3 *and in such amounts (subject to the provisions of this section)*
4 *as the Commissioner may consider to be in the public interest;*
5 *but such additional assistance, plus the amount which he*
6 *determines to be available to the institution from other sources,*
7 *including the proceeds of insurance on the facilities, may not*
8 *exceed the cost of construction incident to the restoration or*
9 *replacement of the academic facilities destroyed or seriously*
10 *damaged as a result of the disaster.*

11 “(b) *In addition to and apart from the assistance pro-*
12 *vided to a public institution of higher education under sub-*
13 *section (a), the Commissioner may provide funds to such*
14 *institution in an amount which he considers necessary to*
15 *replace equipment, maintenance supplies, and instructional*
16 *supplies (including books, and curricular and program ma-*
17 *terials) destroyed or seriously damaged as a result of the*
18 *disaster, or to lease or otherwise provide (other than by*
19 *acquisition of land or construction of academic facilities)*
20 *such facilities needed to replace temporarily those academic*
21 *facilities which have been made unavailable as a result of*
22 *the disaster, or both.*

23 “(c) *In any case deemed appropriate by the Commis-*
24 *sioner, disaster assistance provided under subsection (a) or*
25 *(b) may be in the form of a repayable advance subject to*

1 such terms and conditions as he considers to be in the public
2 interest.

3 “(d) There are hereby authorized to be appropriated for
4 each fiscal year such amounts as may be necessary to carry
5 out the provisions of this section.

6 “(e) No payment may be made to a public institution
7 of higher education for academic facilities under subsection
8 (a) or for assistance under subsection (b) unless an appli-
9 cation therefor is submitted through the appropriate State
10 commission and is filed with the Commissioner in accordance
11 with regulations prescribed by him. In determining the or-
12 der in which such applications shall be approved, the Com-
13 missioner shall consider the relative educational and financial
14 needs of the institutions which have submitted approvable
15 applications. No payment may be made under subsection
16 (a) unless the Commissioner finds, after consultation with
17 the State commission, that the project or projects with re-
18 spect to which it is made are not inconsistent with overall
19 State plans, submitted under section 105(a), for the construc-
20 tion of academic facilities. All determinations made by the
21 Commissioner under this section shall be made only after
22 consultation with the appropriate State commission.

23 “(f) Amounts paid by the Commissioner to a public
24 institution of higher education under subsection (a) or (b)

1 may be paid in advance or by way of reimbursement and in
2 such installments as the Commissioner may determine. Any
3 funds paid to an institution which are not expended or other-
4 wise used for the purposes for which paid shall be repaid
5 to the Treasury of the United States.

6 “(g) For the purposes of this section an institution of
7 higher education is deemed to be a ‘public institution of
8 higher education’ if the institution is under public supervi-
9 sion and control.”

10 (b) Section 7 of the Small Business Act, as amended
11 (15 U.S.C. 636), is amended by adding thereto the following
12 new subsection:

13 “(e) In the administration of the disaster loan program
14 under subsection (b)(1) of this section, in the case of prop-
15 erty loss or damage as a result of a disaster which is a ‘major
16 disaster’ as defined in section 2(a) of the Act of September
17 30, 1950 (42 U.S.C. 1855a(a)), the Small Business Ad-
18 ministration, to the extent such loss or damage is not com-
19 pensated for by insurance or otherwise, may lend to a pri-
20 vately owned college or university without regard to whether
21 the required financial assistance is otherwise available from
22 private sources, and may waive interest payments and defer
23 principal payments on such a loan for the first three years
24 of the term of the loan.”

1 *PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC*
2 *FACILITY AND PUBLIC HOUSING ASSISTANCE*

3 *SEC. 9. In the processing of applications for assistance—*

4 *(1) under title II of the Housing Amendments of*
5 *1955, or any other Act providing assistance for the*
6 *repair, construction, or extension of public facilities;*

7 *(2) under the United States Housing Act of 1937*
8 *for the provision of low-rent housing;*

9 *(3) under section 702 of the Housing Act of 1954*
10 *for assistance in public works planning;*

11 *(4) under section 702 of the Housing and Urban*
12 *Development Act of 1965 providing for grants for pub-*
13 *lic facilities; or*

14 *(5) under section 306 of the Consolidated Farmers*
15 *Home Administration Act*

16 *priority and immediate consideration shall be given, during*
17 *such period as the President shall by proclamation prescribe,*
18 *to applications from public bodies situated in major disaster*
19 *areas.*

20 *RESTORATION OF PUBLIC FACILITIES*

21 *SEC. 10. There is hereby authorized to be appropriated*
22 *such sums as may be necessary to reimburse not more than*
23 *50 per centum of eligible costs incurred to repair, restore, or*
24 *reconstruct any project of a State, county, municipal, or*
25 *other local government agency for flood control, navigation,*

1 irrigation, reclamation, public power, sewage treatment, wa-
2 ter treatment, watershed development, or airport construction
3 which was damaged or destroyed as a result of a major dis-
4 aster, and of the resulting additional eligible costs incurred
5 to complete any such facility which was in the process of
6 construction when damaged or destroyed as a result of such
7 major disaster. Eligible costs are defined to mean those
8 costs determined by the Director of the Office of Emergency
9 Planning as incurred or to be incurred in (1) restoring a
10 public facility to substantially the same condition as existed
11 prior to the damage resulting from the major disaster, and
12 (2) completing construction not performed prior to the major
13 disaster to the extent the increase of such costs over original
14 construction costs is attributable to changed conditions re-
15 sulting from the major disaster. Reimbursement under this
16 section shall be made to the State, county, municipal, or
17 other local governmental agency which is constructing the pub-
18 lic facility or for which it is being constructed, except that
19 if the economic burden of the eligible costs of repair,
20 restoration, reconstruction or completion is incurred by an
21 individual, partnership, corporation, agency, or other entity
22 (other than an organization engaged in the business of insur-
23 ance), the State, county, municipality, or other local govern-
24 mental agency shall reimburse such individual, partnership,

1 corporation, agency, or other entity not to exceed 50 per
2 centum of those costs. Eligible costs shall not include any
3 costs for which reimbursement is received pursuant to insur-
4 ance contracts or otherwise by the party incurring the eco-
5 nomic burden of such costs.

6 *DUPLICATION OF BENEFITS*

7 *SEC. 11. The head of each department or agency of the*
8 *Federal government administering any program providing*
9 *financial assistance to persons, business concerns, or other*
10 *entities suffering losses as the result of a major disaster shall*
11 *administer such program in a manner which will assure that*
12 *no such person, concern, or other entity will receive such*
13 *assistance with respect to any part of such loss as to which*
14 *he has received financial assistance under any other such*
15 *program.*

16 *EXTENSIONS OF TIME IN PUBLIC LAND MATTERS*

17 *SEC. 12. The Secretary of the Interior, upon applica-*
18 *tion therefor, is authorized to grant an extension of time to*
19 *the holder of any lease, license, permit, contract or entry*
20 *issued by him in connection with any lands administered by*
21 *him through the Bureau of Land Management where the*
22 *Secretary finds that a major disaster has impeded timely*
23 *fulfillment of requirements and such relief will not prejudice*
24 *the rights of another party.*

COORDINATION OF EFFORT

1 *SEC. 13. The President, acting through the Office of*
2 *Emergency Planning, shall plan and coordinate all Federal*
3 *programs providing assistance to persons, business concerns,*
4 *or other entities suffering losses as the result of a major dis-*
5 *aster, and shall conduct periodic reviews (at least annually)*
6 *of the activities of State and Federal departments or agencies*
7 *to assure maximum coordination of such programs, and to*
8 *evaluate progress being made in the development of State*
9 *and local organizations and plans to cope with major dis-*
10 *asters. Nothing in this section shall be deemed to relieve the*
11 *head of any department or agency of any function, duty,*
12 *or responsibility vested in him by any provision of law.*

DISASTER ASSISTANCE STUDY

14 *SEC. 14. The Director of the Office of Emergency*
15 *Planning is authorized and directed to make, in cooperation*
16 *with the Secretary of Agriculture, the Secretary of the In-*
17 *terior, and other affected Federal and State agencies, a full*
18 *and complete study and investigation for the purpose of*
19 *determining what additional or improved air operation fa-*
20 *cilities are needed to provide immediate effective action to*
21 *prevent or minimize loss of publicly or privately owned prop-*
22 *erty and personal injury or death which could result from*
23 *forest fires or grass fires which are or threaten to become*
24

1 major disasters. The study and investigation shall include
2 but not be limited to—

3 (1) the need for new or improved airports, heli-
4 ports, or helispots at specific locations where present
5 transportation facilities are inadequate to provide for
6 immediate and effective action in case of forest fires or
7 grass fires;

8 (2) the need for additional or improved material,
9 equipment (including aircraft) and personnel at spe-
10 cific locations to provide for immediate and effective
11 action in case of forest fires or grass fires; and

12 (3) the estimated cost of providing such new or im-
13 proved air operation facilities (including additional or
14 improved material, equipment, and personnel) at each
15 specific location.

16 Not later than six months after the enactment of this Act the
17 Director of the Office of Emergency Planning shall report
18 the findings of the study and investigation to the Congress to-
19 gether with his recommendations for an action program, in-
20 cluding an equitable plan for the sharing of the cost of the
21 program by the Federal, State and local governments and
22 private persons and organizations.

EFFECTIVE DATE

2 *SEC. 15. This Act and the amendments made by this*
3 *Act shall apply with respect to any major disaster occurring*
4 *after October 3, 1964.*

Passed the Senate July 22, 1965.

Attest: FELTON M. JOHNSTON,
Secretary.

89TH CONGRESS
2d Session

S. 1861

[Report No. 2141]

AN ACT

To provide additional assistance for areas
suffering a major disaster.

JULY 26, 1965

Referred to the Committee on Public Works

SEPTEMBER 28, 1966

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued Oct. 18, 1966
For actions of Oct. 17, 1966
89th-2nd; No. 178

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HIGHLIGHTS: see page 5

HOUSE

1. SUMMER LUNCHES. Passed under suspension of the rules H. R. 9339, to authorize a children's summer lunch program. pp. 26032-7
2. RURAL-RENEWAL LOANS. Passed under suspension of the rules S. 688, to authorize rural-renewal loans for recreation purposes and for private non-profit organizations. pp. 26046-7

3. PACKAGING; LABELING. Agreed to the conference report on S. 985, the fair packaging and labeling bill. pp. 26062-4
4. POVERTY. Received the conference report on H. R. 15111, to continue and amend various programs under the Economic Opportunity Act (H. Rept. 2298). pp. 26050-61
5. VETERINARY EDUCATION. Concurred in a Senate amendment to H. R. 3348, to authorize construction of facilities for teaching veterinary medicine and loans for students of veterinary medicine, and disagreed to two Senate amendments. pp. 26065-6
6. APPROPRIATIONS. The Rules Committee reported a resolution to waive points of order on H. R. 18381, the supplemental appropriation bill. p. 26144
Received the conference report on H. R. 17636, the D. C. appropriation bill (H. Rept. 2292). pp. 26010-12
Conferees were appointed on H. R. 18119, the State, Justice, and Commerce appropriation bill. Senate conferees have been appointed. p. 26032
7. AIRPORTS. Passed under suspension of the rules S. 476, providing for construction of airports in or close to national parks, monuments, and recreation areas. Rep. Staggers said this bill is identical to H. R. 11089. The bill will now be sent to the President. p. 26038
8. LANDS. Passed without amendment S. 84, to provide for reimbursement of Wyo. for improvements made on certain Eden project lands in Sweetwater County if or when the lands revert to the U. S. This bill will now be sent to the President. p. 26000
9. AGRICULTURAL CONSERVATION PROGRAM. Passed as reported H. R. 17588, to authorize assignments of ACP payments. pp. 26006-7
10. CONSERVATION. After discussion, H. R. 15304, to authorize the Department to sell the Pleasanton Plant Materials Center in Alameda County, Calif., was passed over because the official objectors felt it should not be considered by unanimous-consent procedure. pp. 26007-8
11. WORLD FARM CENTER. After discussion, H. Con. Res. 313, to endorse the concept of the World Farm Center, was passed over at the request of Rep. Pelly. p. 26008
12. FISH PROTEIN. Received the conference report on S. 2720, to authorize the Interior Department to develop practicable and economic means for the production of fish protein concentrate (H. Rept. 2290). pp. 26012-3
13. DISASTER RELIEF. Passed under suspension of the rules S. 1861, to provide additional assistance for areas suffering a major disaster. pp. 26024-32
14. WATERSHEDS. Both Houses received from the Budget Bureau plans for various watershed projects. pp. 26144, 26146-7
15. TAXATION. Conferees were appointed on H. R. 17607, to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property (p. 25999). Senate conferees have already been appointed.

"(A) The term 'nonprofit' as applied to any private agency, institution, or organization means one which is a corporation or association, or is owned and operated by one or more corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual; and

"(B) The term 'State' includes the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the District of Columbia; and the term 'United States' means the fifty States and the District of Columbia."

Continuation of Grants to Schools of Public Health

SEC. 5. Effective July 1, 1967, section 309 of the Public Health Service Act is amended by adding after subsection (b) the following new subsection:

"(c) There are also authorized to be appropriated \$5,000,000 each for the fiscal year ending June 30, 1968, and the fiscal year ending June 30, 1969, to enable the Surgeon General to make grants, under such terms and conditions as may be prescribed by regulations, for provision, in public or nonprofit private schools of public health accredited by a body or bodies recognized by the Surgeon General, of comprehensive professional training, specialized consultative services, and technical assistance in the fields of public health and in the administration of State or local public health programs, except that in allocating funds made available under this subsection among such schools of public health, the Surgeon General shall give primary consideration to the number of federally sponsored students attending each such school."

Continuation of Authorization for Training of Personnel for State and Local Health Work; Cooperation Between the States

SEC. 6. (a) Effective July 1, 1966, section 311 of the Public Health Service Act is amended by inserting "(a)" after "311." and by adding at the end of such section the following new subsection:

"(b) The Surgeon General shall encourage cooperative activities between the States with respect to comprehensive and continuing planning as to their current and future health needs, the establishment and maintenance of adequate public health services, and otherwise carrying out the purposes of section 314."

(b) Effective July 1, 1967, section 311 of the Public Health Service Act is further amended by adding at the end of subsection (b) thereof the following new sentence: "The Surgeon General is also authorized to train personnel for State and local health work."

Effective Date and Repealer

SEC. 7. The amendments made by section 4 shall become effective, and section 318 of the Public Health Service Act shall be repealed, as of July 1, 1966, except that the provisions of sections 314 of the Public Health Service Act as in effect prior to the enactment of this Act shall be effective until July 1, 1967, in lieu of the provisions of subsections (d) and (e), and the provisions of subsection (g) insofar as they relate to such subsections (d) and (e), of section 314 of the Public Health Service Act as amended by this Act. Effective July 1, 1967, section 316 of the Public Health Service Act is repealed.

Grants for Initiating Services at Mental Retardation Facilities

SEC. 8. The Mental Retardation Facilities and Community Mental Health Centers Construction Act is amended by adding at the end of title I, the following new part:

"Part D—Grants for costs of initiating services in community mental retardation facilities"

"Authorization of Grants"

"SEC. 141. For the purpose of assisting public and nonprofit private agencies, orga-

nizations, or institutions to initiate, extend, and improve services in facilities for the mentally retarded principally designed to serve the needs of the particular community or communities in or near which the facility is situated, the Secretary may, in accordance with the provisions of this part, make grants to meet not to exceed 75 per centum of the costs (determined pursuant to regulations under section 144) of providing services in such facilities for the mentally retarded.

"In making such grants after June 30, 1968, the Secretary shall give preference to new or expanded services part of the cost of which will be borne out of State or local public funds.

"Applications and Conditions for Approval"

"SEC. 142. Grants under this part with respect to any facility for the mentally retarded may be made only upon application, and only if—

"(1) the applicant is a public or nonprofit private agency, organization, or institution which owns or operates the facility;

"(2) the services to be provided by the facility will provide principally for persons residing in a particular community or communities in or near which such facility is situated, one or more of the types of services for the mentally retarded which are determined by the Secretary to be basic and necessary services for the mentally retarded;

"(3) the Secretary determines that the types of services to be supported are not sufficiently available in other facilities in said communities;

"(4) the Secretary determines that, with respect to the particular type of types of service to be so assisted, Federal financial assistance is not, in fact, available to the applicant under any other Act (or portion thereof) which is administered by the Department of Health, Education, and Welfare.

"(5) the Secretary determines that there is satisfactory assurance that Federal funds made available under this part for any period will be so used as to supplement and, to the extent practical, increase the level of State, local, and other non-Federal funds for mental retardation services that would in the absence of such Federal funds be made available for the services described in paragraph (2) of this subsection, and will in no event supplant such State, local, and other non-Federal funds; and

"(6) in the case of an applicant in a State which has in existence a State plan relating to the provision of services for the mentally retarded, the services to be provided by the facility are consistent with the plan.

"Payments"

"SEC. 143. Payment of grants under this part may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and on such terms and conditions and in such installments, as the Secretary may determine.

"Regulations"

"SEC. 144. The Secretary shall prescribe general regulations concerning the eligibility of facilities under this part, determination of eligible costs with respect to which grants may be made, and the terms and conditions (including those specified in section 142) for approving applications under this part.

"Payments under this part with respect to any project may be made for a period of not to exceed five years beginning with the commencement of the first fiscal year for which any payment is made.

"Authorization of Appropriations"

"SEC. 145. There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1967, \$7,000,000 for the fiscal year ending June 30, 1968, \$12,000,000 each for the fiscal year ending June 30, 1969, and

for the fiscal year ending June 30, 1970, to enable the Secretary to make grants under the provisions of this part."

Definition of Construction

SEC. 9. Subsections (e) and (f) of section 401 of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, as amended, are amended to read as follows:

"(e) The term 'construction' includes construction of new buildings, acquisition of existing buildings, and expansion, remodeling, alteration, and renovation of existing buildings, and initial equipment of such new, newly acquired, expanded, remodeled, altered, or renovated buildings.

"(f) The term 'cost of construction' includes the cost of architects' fees and acquisition of land in connection with construction, but does not include the cost of off-site improvements."

SEC. 10. The Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 is amended by adding at the end thereof the following:

"TITLE V—TRAINING OF PHYSICAL EDUCATORS AND RECREATION PERSONNEL FOR MENTALLY RETARDED AND OTHER HANDICAPPED CHILDREN"

"Grant; Authorization of Appropriations"

"SEC. 501. (a) The Secretary is authorized to make grants to public and other nonprofit institutions of higher learning to assist them in providing professional or advanced training for personnel engaged or preparing to engage in employment as physical educators or recreation personnel for mentally retarded and other handicapped children or as supervisors of such personnel, or engaged or preparing to engage in research or teaching in fields related to the physical education or recreation of such children.

"(b) For the purpose of making the grants authorized under subsection (a), there is authorized to be appropriated for the fiscal year ending June 30, 1968, \$1,000,000, for the fiscal year ending June 30, 1969, and for the fiscal year ending June 30, 1970, \$2,000,000 each. Any sums appropriated for any such fiscal year and not obligated before the end thereof shall remain available for the succeeding fiscal year for the purpose for which appropriated.

"Research and Demonstration Projects in Physical Education and Recreation for Mentally Retarded and other Handicapped Children"

"SEC. 502. (a) (1) There is authorized to be appropriated for the fiscal year ending June 30, 1968, \$1,000,000, and for each of the two succeeding fiscal years, \$1,500,000, to enable the Secretary to make grants to States, State or local educational agencies, public and nonprofit private institutions of higher learning, and other public or nonprofit private educational or research agencies and organizations, for research or demonstration projects relating to physical education or recreation for mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other children with specific or serious learning disabilities, who by reason thereof require special or modified physical education and recreation activities to enhance their physical and mental development.

"(2) Grants under paragraph (1) shall be made in installments, in advance or by way of reimbursement, and on such conditions as the Secretary may determine.

"(b) The Secretary shall from time to time appoint panels of experts who are competent to evaluate various types of research or demonstration projects under this section, and shall secure the advice and recommendations of one such panel before making any grant under this section.

"Advisory Committee

"Sec. 503. (a) (1) The Secretary shall appoint an advisory committee which shall consist of fifteen members to advise him on matters of general policy relating to the administration of this title. Seven members of such committee shall be individuals from the field of physical education, five members thereof shall be individuals from the field of recreation, and three members thereof shall be individuals with experience or special interest in the education of the mentally retarded or other handicapped children.

"(2) The Secretary shall, from time to time, designate one of the members of such committee to serve as the chairman thereof.

"(b) Members of the advisory committee and members of any panel appointed pursuant to section 502(b), who are not regular full-time employees of the United States, shall, while serving on the business of such committee or such panel, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time; and, while so serving away from their homes or regular place of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"Delegation of Functions

"Sec. 504. The Secretary is authorized to delegate any of his functions under this title to any officer or employee of the Department of Health, Education, and Welfare."

Reorganization Plan

SEC. 11. The provisions enacted by this Act shall be subject to the provisions of Reorganization Plan Numbered 3 of 1966.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAGGERS: Strike out all after the enacting clause and insert the provisions of H.R. 18231, just passed.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

DISASTER RELIEF ACT OF 1966

Mr. WRIGHT. Mr. Speaker, I move to suspend the rules and pass the bill (S. 1861), to provide additional assistance for areas suffering a major disaster, as reported by the Committee on Public Works, with a further committee amendment which is at the Clerk's desk.

The Clerk read as follows:

S. 1861

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1966".

DEFINITION

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of bor-

rowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

(b) The Secretary of Housing and Urban Development is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Department of Housing and Urban Development or its predecessor in interest, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such note or other obligation, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years. The Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g). The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loan, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

FEDERAL HOUSING ADMINISTRATION—INSURED
DISASTER LOANS

SEC. 4. (a) Section 221 of the National Housing Act is amended by striking out "family displaced from an urban renewal area or as a result of governmental action", "families displaced from urban renewal areas or as a result of governmental action", and "families displaced by urban renewal or other governmental action" each place they appear

in subsections (a), (d) (2), (d) (3) (iii), (d) (6), and (f), and inserting in lieu thereof, as appropriate, "displaced family" or "displaced families".

(b) Section 221(f) of such Act is further amended by adding the following sentence at the end thereof: "As used in this section the terms 'displaced family' and 'displaced families' shall mean a family or families displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)."

ASSISTANCE TO FARMERS IN MAJOR DISASTER
AREAS

SEC. 5. (a) The Secretary of Agriculture may make grants to farmers to replace income-producing livestock which are injured or killed as a result of a major disaster occurring before January 1, 1969, and income-producing growing crops (including timber) which are damaged or destroyed as a result of a major disaster occurring before January 1, 1969, in the event and to the extent that he finds a farmer is unable to qualify for loans to replace livestock or growing crops lost as a result of the disaster, and that insurance against such loss of livestock or growing crops was not available at reasonable rates.

(b) The amount of the grant authorized under this section in the case of any farmer for income-producing livestock or growing crops shall not exceed an amount determined by the Secretary to be equal to two-thirds of the value of the livestock or growing crops destroyed and in no event shall the amount of any such grant in the case of any farmer exceed \$10,000.

(c) The Secretary is authorized to impose such reasonable terms and conditions on the making of such grants as he determines necessary to carry out effectively the purposes of this section.

DISASTER WARNINGS

SEC. 6. The Secretary of Defense is authorized to utilize or to make available to other agencies the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 7. (a) The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and the following: "and includes any rural community or unincorporated town or village for which an application for assistance is made by a State or local government or governmental agency".

(b) Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926), is amended by adding at the end thereof the following new subsection:

"(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a) (2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community

services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State."

HIGHER EDUCATION FACILITIES ASSISTANCE IN DISASTER AREAS

SEC. 8. (a) The Higher Education Facilities Act of 1963 (20 U.S.C. 701-757) is amended by inserting immediately after the last section of such Act the following new section:

"HIGHER EDUCATION FACILITIES CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"Sec. 408. (a) If the Director of the Office of Emergency Planning determines that a public institution of higher education is located in whole or in part within an area which, before July 1, 1967, has suffered a disaster which is a 'major disaster' as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and if the Commissioner determines with respect to such public institution of higher education that—

"(1) the academic facilities of the institution have been destroyed or seriously damaged as a result of the disaster;

"(2) the institution is exercising due diligence in availing itself of State and other financial assistance available for the restoration or replacement of the facilities; and

"(3) the institution does not have sufficient funds available to it from other sources, including the proceeds of insurance on the facilities, to provide for the restoration or replacement of the academic facilities so destroyed or seriously damaged,

the Commissioner may provide the additional assistance necessary to enable the institution to carry out construction necessary to restore or replace the facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available to the institution from other sources, including the proceeds of insurance on the facilities, may not exceed the cost of construction incident to the restoration or replacement of the academic facilities destroyed or seriously damaged as a result of the disaster.

"(b) In addition to and apart from the assistance provided to a public institution of higher education under subsection (a), the Commissioner may provide funds to such institution in an amount which he considers necessary to replace equipment, maintenance supplies, and instructional supplies (including books, and curricular and program materials) destroyed or seriously damaged as a result of the disaster, or to lease or otherwise provide (other than by acquisition of land or construction of academic facilities) such facilities needed to replace temporarily those academic facilities which have been made unavailable as a result of the disaster, or both.

"(c) In any case deemed appropriate by the Commissioner, disaster assistance provided under subsection (a) or (b) may be in the form of a repayable advance subject to such terms and conditions as he considers to be in the public interest.

"(d) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section.

"(e) No payment may be made to a public institution of higher education for academic facilities under subsection (a) or for assistance under subsection (b) unless an application therefor is submitted through the appropriate State commission and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the institutions which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State commission, that the project or projects with respect to which it is made are not inconsistent with overall State plans, submitted under section 105(a), for the construction of academic facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State commission.

"(f) Amounts paid by the Commissioner to a public institution of higher education under subsection (a) or (b) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to an institution which are not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(g) For the purposes of this section an institution of higher education is deemed to be a 'public institution of higher education' if the institution is under public supervision and control."

(b) Section 7 of the Small Business Act, as amended (15 U.S.C. 636), is amended by adding thereto the following new subsection:

"(e) In the administration of the disaster loan program under subsection (b) (1) of this section, in the case of property loss or damage as a result of a disaster which is a 'major disaster' as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855(a)), the Small Business Administration, to the extent such loss or damage is not compensated for by insurance or otherwise, may lend to a privately owned college or university without regard to whether the required financial assistance is otherwise available from private sources, and may waive interest payments and defer principal payments on such a loan for the first three years of the term of the loan."

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 9. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities;

(2) under the United States Housing Act of 1937 for the provision of low-rent housing;

(3) under section 702 of the Housing Act of 1954 for assistance in public works planning;

(4) under section 702 of the Housing and Urban Development Act of 1965 providing for grants for public facilities; or

(5) under section 306 of the Consolidated Farmers Home Administration Act priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

RESTORATION OF PUBLIC FACILITIES

SEC. 10. There is hereby authorized to be appropriated such sums as may be neces-

sary to reimburse not more than 50 per centum of eligible costs incurred to repair, restore, or reconstruct any project of a State, county, municipal, or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster, and of the resulting additional eligible costs incurred to complete any such facility which was in the process of construction when damaged or destroyed as a result of such major disaster. Eligible costs are defined to mean those costs determined by the Director of the Office of Emergency Planning as incurred or to be incurred in (1) restoring a public facility to substantially the same condition as existed prior to the damage resulting from the major disaster, and (2) completing construction not performed prior to the major disaster to the extent the increase of such costs over original construction costs is attributable to changed conditions resulting from the major disaster. Reimbursement under this section shall be made to the State, county, municipal, or other local governmental agency which is constructing the public facility or for which it is being constructed, except that if the economic burden of the eligible costs of repair, restoration, reconstruction or completion is incurred by an individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business or insurance), the State, county, municipality, or other local governmental agency shall reimburse such individual, partnership, corporation, agency, or other entity not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received pursuant to insurance contracts or otherwise by the party incurring the economic burden of such costs.

DUPLICATION OF BENEFITS

SEC. 11. The head of each department or agency of the Federal government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner which will assure that no such persons, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

EXTENSIONS OF TIME IN PUBLIC LAND MATTERS

SEC. 12. The Secretary of the Interior, upon application therefor, is authorized to grant an extension of time to the holder of any lease, license, permit, contract or entry issued by him in connection with any lands administered by him through the Bureau of Land Management where the Secretary finds that a major disaster has impeded timely fulfillment of requirements and such relief will not prejudice the rights of another party.

COORDINATION OF EFFORT

SEC. 13. The President, acting through the Office of Emergency Planning, shall plan and coordinate all Federal programs providing assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster, and shall conduct periodic reviews (at least annually) of the activities of State and Federal departments or agencies to assure maximum coordination of such programs, and to evaluate progress being made in the development of State and local organizations and plans to cope with major disasters. Nothing in this section shall be deemed to relieve the head of any department or agency of any function, duty, or responsibility vested in him by any provision of law.

DISASTER ASSISTANCE STUDY

SEC. 14. The Director of the Office of Emergency Planning is authorized and di-

rected to make, in cooperation with the Secretary of Agriculture, the Secretary of the Interior, and other affected Federal and State agencies, a full and complete study and investigation for the purpose of determining what additional or improved air operation facilities are needed to provide immediate effective action to prevent or minimize loss of publicly or privately owned property and personal injury or death which could result from forest fires or grass fires which are or threaten to become major disasters. The study and investigation shall include but not be limited to—

(1) the need for new or improved airports, heliports, or helispots at specific locations where present transportation facilities are inadequate to provide for immediate and effective action in case of forest fires or grass fires;

(2) the need for additional or improved material, equipment (including aircraft) and personnel at specific locations to provide for immediate and effective action in case of forest fires or grass fires; and

(3) the estimated cost of providing such new or improved air operation facilities (including additional or improved material, equipment, and personnel) at each specific location.

Not later than six months after the enactment of this Act the Director of the Office of Emergency Planning shall report the findings of the study and investigation to the Congress together with his recommendations for an action program, including an equitable plan for the sharing of the cost of the program by the Federal, State and local governments and private persons and organizations.

EFFECTIVE DATE

SEC. 15. This Act and the amendments made by this Act shall apply with respect to any major disaster occurring after October 3, 1964.

With the following further committee amendment:

Committee amendment: Page 29, strike out section 5 and renumber the succeeding sections.

The SPEAKER. Is a second demanded?

Mr. CRAMER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Texas is recognized for 20 minutes.

Mr. WRIGHT. Mr. Speaker, I yield myself such time as I may consume.

The need for this bill can be traced in chronicles as old as recorded times and as recent as last Saturday's headlines.

For a full week this month, our southern tier of States cringed in fear of the unpredictable path cast by the wandering Hurricane Inez before its violent fury lashed the Mexican coast, isolating 80,000 people in an aftermath of torrential floods.

During the weekend just past, killer tornadoes and sudden blizzards ravaged sections of the Midwestern United States, leaving a heavy toll of dead and injured and reducing the town of Belmond, Iowa to a rubble of ruin.

Since the flood of Noah, man has known that nature can be both rewarding and punishing, both bountiful and fickle.

The story of our American civilization has been punctuated by manmade and natural disasters. The heroic recoveries

from the San Francisco earthquake, the Chicago fire, the Johnstown flood, the Dust Bowl, and the wild Missouri comprise a cherished part of our folklore.

I believe we have learned through sound engineering that all but the most unusual floods can be prevented and damages minimized. But hurricanes, tornadoes, and earthquakes are merely three forms of nature's excesses which still defy man's capacity to foretell and forestall. All we can do is to try to help the hapless victims to recovery.

Just since the 89th Congress convened in January 1965—in less than 2 years—55 different areas of the United States have been so stricken as to be declared disaster areas by the President. In more intimate terms for us, some form of disaster occurred during this brief period in 207 congressional districts.

Congress always has been responsive. It has been concerned. It has been generous. Too often, however, our well-intentioned response on the individual problem-centered basis has been too little and too late. Special bills have had to be enacted by Congress to permit an availing governmental response in many separate and individual cases.

This bill codifies a hodge-podge of existing laws relating to disaster relief and seeks to fill in the gaps left by those laws. It brings together in one statute the variety of tools available to assist in the rehabilitation of disaster victims. It coordinates the activities of 14 different agencies and expedites the accessibility of their help.

In the interest of time, I will try to summarize its basic provisions as succinctly as possible.

Where the generating facilities or electric power lines of a rural electrification system are cataclysmically disrupted, requiring expensive renovations or repairs to restore service, section 3 of the bill permits the Secretary of Agriculture to adjust the payment schedules due from the local group on REA loans and to extend the maturity dates of those loans where warranted.

As an aid to families whose homes are seriously damaged by floods or hurricanes or similar disasters, FHA and VA home loans would be eligible under this section for refinancing—and even for suspension of payments by extension of the loans not to exceed 5 years—in order that the stricken family may have a breathing spell in which to get back on its feet.

To help restore those families utterly displaced from their homes by the totally destructive force of any disastrous natural phenomenon, the Government would be permitted under section 4 to assist—as it now can do for those displaced by urban renewal projects—in helping them to make the necessary transition to new quarters.

As a form of preventive assistance, the Secretary of Defense is authorized by section 6 of the bill to make available the facilities of the civil defense communications system to provide warning to governmental officials and civilian populations in areas endangered by imminent holocaust.

An important gap is filled by section 7

which extends to rural and unincorporated communities the same helping hand which now is available for established municipalities by way of direct or insured loans for the replacement or restoration of needed public facilities.

This bill in section 8 will also throw the same lifeline to public institutions of higher education that now is thrown to public elementary and secondary schools when disaster strikes. Both grants and loans would be available to help reconstruct these public school facilities. For privately owned colleges and universities, loans only would be available, in keeping with the basic and historic distinctions existing between public and private educational institutions in our general body of Federal law.

To avoid delays in restoring and rehabilitating smitten communities and individual families, section 9 of the bill directs all Federal agencies administering its various sections to give immediate priority—as the emergency nature of the situation would direct—to applications for assistance under this act.

In the restoration of public facilities, the bill in section 10 corrects another omission of existing law by restoring a public facility to approximately the same condition as existed prior to the damage and making this apply—as it now does not apply—to those costly facilities which were not completed but in the process of construction at the time the disaster struck.

The final sections of the bill require coordination of effort among administering agencies, protect against the payment of duplicate benefits to any recipient, allow extensions of time to damaged leaseholders in public land matters, and direct the Office of Emergency Planning to study and report to Congress upon the possible need for additional airstrips or heliports in minimizing injury from forest fires.

The committee considered with a high degree of sympathy a somewhat more controversial provision which appeared in the Senate-passed bill, but decided in the interest of harmony to delete it.

That provision appears as section 5 on page 29 of your committee print. A committee motion will be offered to delete that section. It would have permitted the Secretary of Agriculture under certain conditions to replace income-producing livestock or other growing crops damaged or destroyed as result of a major disaster.

Since a voluminous study relating to Government-subsidized insurance for the private sector against natural disasters has been prepared and submitted to the Congress in eight thick volumes, and since the Congress will devote detailed consideration to these proposals next year, it was thought wise at this time to delete that particular section from this bill.

The bill is not a cure-all. But it does make a substantial advance in disaster relief and brings together in one package the work of 14 different agencies of our Government.

It seems to me that there can be no question as to its desirability. It is in the finest American tradition. When-

ever any portion of the big American family has fallen on evil days, we traditionally have pitched in just as we did in pioneer times when a neighbor's barn burned down.

We want to come to the rescue in such ways as we can. This bill permits us to do it on an intelligent, coordinated basis. If man can cope with the environment of the moon, we certainly can accommodate ourselves better and with more enlightenment to the natural moods of the earth, especially here on our own American piece of its real estate. A compassionate, sympathy, and enlightened American public would have us do no less.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I am glad to yield to the distinguished gentleman from Alabama [Mr. JONES], the chairman of the subcommittee.

Mr. JONES of Alabama. Mr. Speaker, I wish to commend the gentleman from Texas and the subcommittee which added to the bill and performed that which in my opinion was one of the most difficult problems to undertake that I have experienced since I have been a Member of Congress and a member of the Committee on Public Works.

Mr. Speaker, I do not believe that under the circumstances the committee, under the leadership of our colleague, the gentleman from Texas [Mr. WRIGHT], could have performed a greater act of draftsmanship, one that would embrace the notion of relief in the circumstances of disaster, better than this bill.

So, Mr. Speaker, I wish to commend the gentleman from Texas [Mr. WRIGHT] for performing an excellent and an outstanding job, the type of job which he always performs.

Mr. WRIGHT. Mr. Speaker, I thank the gentleman from Alabama [Mr. JONES].

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Of course, I yield to the distinguished gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Speaker, I appreciate the gentleman yielding. It was my first impression that the gentleman was going to yield to the other side of the aisle again, otherwise I would have been on my feet.

However, Mr. Speaker, I associate myself with the remarks, in general, that have been made about the need for disaster relief.

Mr. Speaker, it would be foolhardy and certainly would make it appear a person was untouched with the milk of human kindness, to think that there are not times of natural disaster and others when communities and individuals and industries do not need relief.

Mr. Speaker, I believe the bill, and particularly the report as written, coordinating these agencies will cover most exceptions taken to it whatsoever. Mr. Speaker, under "Purpose" which appears on pages 1 and 2 of the committee report as to disaster relief, this coordination, involving the different departments of the Cabinet, is certainly worthwhile.

However, I am just a little concerned about two points, and my first question

of the distinguished gentleman from Texas [Mr. WRIGHT] is this:

What about our pilot program on crop insurance?

That program has been going on for years in selected counties of the various States.

Is it not perhaps time, if this has proved to be a good pilot experience, that it be inculcated and codified into the law and adopted in all areas subject to hurricane, hail, or whatever the crop damage might be; instead of seeking relief through the various agencies such as the OEP, the Department of Agriculture, and so forth?

Mr. WRIGHT. I would say to the gentleman from Missouri that this bill does not in any way disturb the crop insurance program. Further, it is my conviction, and I believe that of the committee, that this has been a good program and that it does need to be expanded.

Next year, the committee intends to get fully into the question of insurance of various types for the protection of the private sectors against disaster, but we felt we did not have time at this session of Congress to go fully into that question and for that reason, that matter was deleted from the bill and deferred until next year.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, the main thrust of my interrogation comes under "Monetary Authorization," which appears on page 5 of the committee report, wherein it says that the amount of funds needed could not be specific, but would be determined by the magnitude of the damage involved.

Do I interpret that properly, and the bill properly, that with each disaster—each huge disaster—then you would have to come to the Congress for a definite determination of the amount involved and for a determination as to whether it were covered?

Mr. WRIGHT. No, I do not believe that is exactly correct. Each disaster does not have to come to the Congress for determination. This is one of the things that the program avoids. If we waited until we could come to Congress for an authorization in each specific case, then oftentimes the relief would come too late to perform the desired aid and rehabilitation of the smitten victims. When a disaster strikes, the greatest need for assistance exists immediately.

Mr. Speaker, there is not any way to gage how much money a disaster program is going to cost on an annual basis, because there is no way to predict how many disasters will occur or how devastating and costly they will be.

To give a general idea of the cost range, the two most expensive ones which have occurred during the past 2 years have been Hurricane Betsy that struck the New Orleans area and the floods that ravaged the northwest Pacific coast in December of 1964. Each of these inflicted damage requiring a total response to the extent of about \$35 million when one considers all of the ramifications of the program. The least, by contrast, was a disturbance that struck in the Sanderson, Tex., area, which cost approximately \$100,000. So perhaps this

information may bracket into comparative figures a general answer to the question of the gentleman from Missouri.

Mr. HALL. A corollary to that question, then is, Does the gentleman's bill make this an open-ended matter to be determined?

Mr. WRIGHT. The law presently is open ended. I would say to the gentleman our bill does not seek to change that status.

Mr. HALL. Mr. Speaker, if the gentleman will yield for one final question?

Mr. WRIGHT. I am happy to yield to the gentleman.

Mr. HALL. On page 2 it says that the need for disaster relief goes back to the 1800's, and it gives classic examples of disaster relief and cites Federal participation in disaster relief.

On the other hand, there have been some rather classic examples, for example, of charitable purposes for not using the taxpayers' money, and one of the earlier Senators from the great State of Texas by the name of Sam Houston made a classic appeal on the floor of this Congress against so using the taxpayers' money. And there are other similar examples, such as this:

I feel obliged to withhold my approval of the plan to indulge a benevolent and charitable sentiment through the appropriation of public funds for that purpose. I find no warrant for such an appropriation in the Constitution.

That was the President of the United States in a veto message to the Congress on an act to enable the Commissioner of Agriculture to make a special distribution of seed in the drought-stricken counties of Texas in 1887. That was President Grover Cleveland.

Does the gentleman feel that we have come to the place where the Federal Government must match or supplement such funds or implement them to the various States for handling their own problems in these natural or manmade disasters?

Mr. WRIGHT. I think, clearly with respect to those areas declared by the President to be disaster areas, that the Federal Government has a role to play. This is not a new role for Government by any manner of means. As early as 1824, Webster, Clay, and Calhoun almost exhausted the resources of rhetoric in congressional debate over what the Government should do about the floods in Maryland. In 1848, Abraham Lincoln, then a Member of this House, spoke in Congress in defense of a related matter. We long have provided various types of assistance to disaster victims. The question here is really one of how we can do it in the most effective, intelligent, and coordinated fashion.

Mr. Speaker, I might suggest also that I have come to the place where, if I do not reserve the balance of my time, then I shall not be able to give some of my other colleagues an opportunity to speak. I think particularly of the gentleman from California [Mr. JOHNSON] who was very active in the committee consideration of this bill, and the gentleman from Indiana [Mr. ROUSH] who appeared before our committee in behalf of this bill and who has been vitally and effectively interested in this legislation.

There are several others, as well, who deserve to be heard. Therefore, I reserve the remainder of the time in order that we may hear them.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Of course, I yield to our distinguished Speaker.

Mr. McCORMACK. I know all my colleagues, like myself, were very much concerned and exceedingly sorry when some 3 weeks ago we learned that our dear friend, our outstanding Parliamentarian, Lew Deschler, had entered the hospital. All of us followed his progress while he was in the hospital. If there is one man who enjoys the deep friendship, respect, admiration, and esteem of the Members of the House, with special emphasis, it is our distinguished Parliamentarian Lew Deschler. He is not only a brilliant gentleman as we all know but dedicated to the service of the House of Representatives. He is the No. 1 Parliamentarian of the world. He serves all the Members impartially and fairly. However, over and above everything his dedication to the House will always be a very prominent part of the history of this great body. I know my colleagues will join with me when I express my pleasure and your pleasure in seeing back with us again our dear friend, Lew Deschler.

Mr. GERALD R. FORD. Mr. Speaker, I wish to join our distinguished Speaker, the gentleman from Massachusetts [Mr. McCORMACK] in welcoming back Lew Deschler, our Parliamentarian.

Mr. Speaker, Lew has been gone longer than any of us anticipated. It is wonderful to see him back and to see him looking so much better, with all of the expectations that his health will improve even more in the months ahead.

Mr. CRAMER. Mr. Speaker, I rise for such time as I may consume.

The SPEAKER pro tempore. The gentleman is recognized.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I am happy to yield.

Mr. HALLECK. Mr. Speaker, as a member of the Committee on Public Works, I was glad to participate and do what I could in the drafting of this legislation. I am supporting this as I have supported other similar pieces of legislation in the past.

Mr. CRAMER. Mr. Speaker, I thank the gentleman.

I should like to say that the distinguished gentleman from Indiana [Mr. HALLECK] has been most helpful in the drafting and in the support of disaster relief legislation this year, and in the past, on the Committee on Public Works. We are delighted to have him on that committee. I thank him for his comments.

Mr. Speaker, this bill is dealing with the subject matter that is of tremendous importance and interest to the entire Nation, for no one knows when or where a national disaster will strike. Nobody knows whose home or whose income may be destroyed, or whose life will be jeopardized by an act of nature.

Up to this time it has been the basic concept of the Federal Government that

no responsibility exists except for assisting local communities in recovering from public facility destruction caused by such natural disasters that are declared to be national disasters by the President of the United States.

There is no more devastating and there is no more community-shaking experience than for a national or natural disaster to strike. There is no quicker way that a fortune can be destroyed or a life imperiled. There is no quicker way for a teeming city to be brought to an abrupt halt in most respects, than by an act of a natural disaster.

It is for that reason that our committee has felt, and on a bipartisan basis, that it is essential that this legislation having general application be brought out this year.

A few years ago we had a serious flood condition in the Northwestern United States. We dealt with that as the northwest flood disaster relief bill.

When we had a serious storm damage problem that arose out of Betsy in the Gulf of Mexico we dealt with that as a separate disaster problem.

Now, it appears to me—and it has to our committee—that it is justified that all people in America should have the same Federal Government relief available to them on a uniform basis, and that these problems should not be dealt with on a piecemeal, storm-by-storm, tornado-by-tornado, flood-by-flood basis, but on a uniform, nationwide basis, so that the communities and individuals will know in advance and will have available, immediately, should such an unforeseen circumstance occur, relief uniformly applied throughout the Nation.

Of course, this is of particular concern and interest to the great State of Florida, that has for a number of years been in the path of a number of these storms coming up through the Caribbean.

The most recent, of course, was Inez where fortunately the damage in Florida was slight. With Betsy, prior thereto, the damage was heavy.

So I am glad to see that our committee is accepting its responsibility and coming forth with a nationwide uniform program and uniform applicability and thus possibly not necessitating in the future dealing piecemeal with individual disaster relief areas and problems.

There was serious consideration given to the question of what should be done relating to destruction of farms and private personal property. This has been a matter that has been discussed for some time. There was passed back in 1956, as a matter of fact, the Federal Flood Insurance Act which has never been implemented for numerous reasons but concerning which there has been submitted to the Congress just recently by the Department of Housing and Urban Development a report on that legislation of the possibility sometime of implementing a nationwide flood insurance program sometime in the future under certain recommended conditions.

No relief is available other than on forgiveness of loans or limited other basis to homeowners at the present time or

farmers except that farmers have the Farmers Home Administration loans that are available to assist them.

Farmers also have in about one-third of the communities and counties throughout the United States a Federal insurance program under the Department of Agriculture.

So there is some relief available to farmers and a slight relief available to homeowners from the standpoint of forgiveness of loans and to businessmen from the Small Business Administration.

What this bill does is to bring together all of the existing programs for purposes which make available additional forgiveness power and other authorities which the gentleman from Texas has discussed just a few moments ago.

So I say this legislation dealing with general application for one of the first times since 1950 when Public Law 81-875 was passed dealing with disaster relief on a nationwide basis—there is no question but that it is outdated—for the first time it brings into nationwide application all legislation dealing with disaster relief. Feeling that it was essential, not knowing what might happen even between now and January of next year and not knowing what national disaster might occur between now and then, I joined with the gentleman from Texas and our committee as did the rest of the minority in suggesting that the Congress should act to the extent possible this year. Congress should put into the law these necessary provisions and nationwide application for protection now and in the future not knowing what havoc Mother Nature might wrought between now and the middle of next year when the legislation might be acted upon at that time.

A committee amendment has been proposed as I understood it, and I will ask the gentleman from Texas, is it not true the amendment being offered by the gentleman as a committee amendment has the effect of striking section 5 which is the farmers' grant section contained in the committee bill?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman.

Mr. WRIGHT. In response to the distinguished gentleman from Florida, the ranking minority member of our committee, the answer is, "Yes."

It is definitely the intention of the committee to offer—and I hope it will be approved—an amendment as a committee amendment which will eliminate section 5 from the bill as it presently appears.

Section 5, as the gentleman from Florida knows, is that section which relates to the possibility of giving help through the Secretary of Agriculture to farmers whose income or livelihood through the production of livestock or cash crops might have been damaged or destroyed. It was decided by the committee that this would be deferred, in connection with other matters that the gentleman from Florida has just been discussing, in order that there might be thorough consideration given next year to the ques-

tions of insurance coverage for the private sector.

Mr. CRAMER. Mr. Speaker, may I ask the distinguished gentleman further—it would be my hope that the position of the House on this legislation would be insisted on, and, of course, the other body may take the House amendments and pass them without a conference. I hope that would be the intended action. I do not think the time is available to permit us to go to conference and hassle over provisions of the legislation. Could I ask the gentleman, Is that the gentleman's present contemplated modus operandi?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman.

Mr. WRIGHT. To attempt to predict what the other body might do is always somewhat reckless, as the gentleman knows. However, I would join the gentleman from Florida in the hope that the other body might see the wisdom of accepting the House amendments to the Senate-passed bill in order to obviate the need for a conference. I think the shortness of time also makes it a moot question at this point. I should not want to see the bill die for want of our ability to pass a piece of legislation.

Mr. CRAMER. I thank the gentleman. I, too, cannot predict what the other body will do. But I would hope that the bill will be passed as an amended Senate version, which is its present form, and then let the other body act as it sees fit. I would hope that they would adopt the legislation in the form I trust the House will pass it very shortly.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I regret very much that my colleague from Texas has agreed with the gentleman in relation to section 5, and that the motion includes a request to delete section 5 from the bill. But in reading the minority views of the gentleman, along with other Members, I would like to ask the gentleman how the language on page 6 right below "section 5," and on the next five pages, coincides.

Mr. CRAMER. Yes; I will yield further.

Mr. DE LA GARZA. It seems to me here you say "where no other help is available," then section 5 would come into action. Does that coincide with the thinking of the gentleman through the explanation he has given in his minority views?

Mr. CRAMER. In my opinion this year is not the time to consider the question of grants. We have before us, as I mentioned, a report from the Department of Housing and Urban Development that did not come down to the Congress until a very recent date. It deals with the general subject of what relief should be made available to all persons, if any, be they farmers or be they nonfarmers, who lose their homes or their income-producing property. Should there be any relief on a national basis, such as the insurance program enacted in 1956 which might be implemented, this is a decision,

as has been determined on both sides of the aisle, that can best be accomplished after adequate consideration of this lengthy report presently before us.

Mr. DOLE. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Kansas.

Mr. DOLE. I wish to make it perfectly clear—and I think the gentleman from Texas may have—that the program will be retroactive until sometime in October 1964. Is that correct?

Mr. CRAMER. That is right. It will be retroactive to the date of the adjournment of the 89th Congress, meaning October 1964 and will include the subsequent period under this legislation as recommended by the Bureau of the Budget. It will include the disaster caused by the December flood in the Northwest United States in December of 1964 as an example. That is the objective and purpose of the retroactive provision.

Mr. DOLE. I thank the gentleman.

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, I yield such time as he may require to the gentleman from Indiana [Mr. ROUSH].

(Mr. ROUSH asked and was given permission to revise and extend his remarks.)

Mr. ROUSH. Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, my conscience is somewhat relieved today as we have at last arrived at the stage whereby disaster victims will have the opportunity to receive more comprehensive immediate relief. The birth of this blatant need to supply comprehensive aid to those suffering from the devastating effects of a disaster originated in my own district in Indiana on Palm Sunday, 1965, when a tornado ripped through the State. The entire town of Russiaville, in my district, was nearly leveled to the ground. As is normally the unfortunate case, it took such a tragedy to occur before the need was realized for omnibus legislation which would cover public as well as private areas without having to pass disaster relief legislation for each individual case.

The story of Russiaville is far from completed; it has now been over a year and a half since the tornado first struck, and the townspeople are courageously exploring every avenue of aid to rebuild their entire town. These people are to be praised for their fortitude in tackling a project which has no immediate end in sight. With insurmountable odds, Russiaville's town fathers have carefully mapped out a logical development plan as they proceed to apply for Federal funds.

My point, Mr. Speaker, is this: if "omnibus" disaster relief legislation, as is up for consideration today, had existed, towns such as Russiaville and all those affected by tornado, hurricane, and flood disasters could have proceeded immediately after the disaster with construction plans because the application for funds would not have to follow a long, laborious legislative process.

I wish to praise the Committee on Public Works and the Subcommittee on Flood Control for producing this legislation; it begins to solve the problem of delayed time versus immediate aid. However, I only consider this legislation a beginning and see a future need for improvements in order to fully accommodate the needs of disaster victims in their rebuilding process. The full committee deleted two areas which I consider necessary to effective omnibus legislation: Grants to States for assistance to homeowners and businesses; and the grants to farmers for replacement of their income-producing livestock. I sincerely hope that the House will not consider its job completed in providing assistance to disaster victims. The deletion of these two sections needs careful attention as future improvements are made in omnibus disaster legislation.

Mr. WRIGHT. Mr. Speaker, I yield such time as he may require to the gentleman from Louisiana [Mr. WAGGONER].

(Mr. WAGGONER asked and was given permission to revise and extend his remarks.)

Mr. WAGGONER. Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, the Public Works Committee has worked long and hard in an effort to write a good piece of legislation for major disaster relief. There is nothing wrong with providing loan adjustments in instances where extreme financial hardship results to borrowers under programs administered by REA, HUD, and VA, all of which have good programs. The legislation has many features which I believe are good. Especially I am pleased that by committee amendment the provisions which will make grants to farmers in major disaster areas to restore production will be deleted. I question seriously this proposal for grants in such cases for anyone, not just to farmers. Much study is needed before such a step is taken if indeed it ever is. Mr. Speaker, I support this legislation.

Mr. WRIGHT. Mr. Speaker, I yield such time as he may require to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON of California. Mr. Speaker, I rise in support of S. 1861 as amended. I want to take this time to commend the chairman. Mr. Wright of Texas, of this special subcommittee that is handling this particular bill.

I do believe it is well worked out now and will be of great benefit. I hope the House will see fit to pass it.

Mr. WRIGHT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Oregon [Mrs. GREEN].

Mrs. GREEN of Oregon. Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, I want to take this opportunity to congratulate the distinguished chairman, Congressman FALLON, the chairman of the Subcommittee on Flood Control, Congressman JONES—and in particular, I wish to express my commendation to my good friend, Congressman WRIGHT, who chaired the hearings and was responsible for drafting this thoroughly fine piece of legislation.

That we have needed a better coordinated program for Federal aid to disaster areas has, I think, been evident for some time. This bill is a substantial step in the right direction.

Hardly a year passes that some section of the Nation does not suffer severe damage from floods, earthquakes, or tornadoes. The Office of Emergency Planning, which was established under terms of a 1950 bill, has provided valuable aid from the Federal Government to the stricken area.

In addition, Congress has been generous in its response when special aid has been needed. The Christmas floods of 1964, swept through the Northwest, leaving in their wake millions of dollars of damage, death and personal tragedy for thousands, are still very vivid in my mind, as I know they are also for everyone from the disaster areas. We from the northwest area are grateful to the Congress for the northwest disaster relief bill of 1965 which has helped us to restore some of the estimated half-billion-dollar damage. I know that other States in the Nation, such as Alaska, are also very grateful for the special bills which Congress has enacted to help relieve them in their time of trial and grief. But, without seeming unappreciative, may I also remind this House that the northwest disaster relief bill did not become effective until 6 months after the misfortune.

This delay between the time of destruction, and aid made available, simply adds a preventable burden of fear, anxiety and dismay to already substantial distress. I am particularly impressed with the lines in the committee report which state:

What good does a 30-year, 3-percent refinancing do a man who, because of the press of his creditors, has had to go into bankruptcy and surrender to the trustee in bankruptcy all but a few hundred dollars of his personal belongings and the tools of his trade? For him relief is too late no matter how liberal the terms. As in the case of justice, disaster relief delayed is quite often relief denied.

We in the Northwest can appreciate the value of quick, effective relief. That this legislation provides for just this is, to my mind, its great virtue, and I strongly support it.

(Mrs. GREEN of Oregon asked and was given permission to revise and extend her remarks.)

Mr. WRIGHT. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. DE LA GARZA].

(Mr. DE LA GARZA asked and was given permission to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I rise in support of this legislation with one small reservation.

Mr. Speaker, I wish to commend my distinguished colleague from Texas [Mr. WRIGHT] for his usual very capable handling of an important piece of legislation, the Disaster Relief Act of 1966, S. 1861. I agree with this legislation, although I am sorry to learn that the committee has decided to delete section 5 of the bill due to what I believe are the objections of the minority. I do not agree with these views for the following reasons: The recently

released HUD report was, I am informed, for flood relief only. There are programs for loans and grants available, it is true, but this legislation is to supplement those or when a farmer or rancher cannot avail himself of these loans or grants.

I do not think it is discriminatory at all, for if any one needs help it is the farmer, and we cannot on the one hand praise someone for saying the last 5 years were the worst the farmers had, and then turn around and say we refuse to help the farmer in his hour of need, when his crops are lost by a disaster, or the rancher when he loses his animals by saying it will be discriminatory to help him. To say that we do not know how much the program will cost would under ordinary circumstances be a valid argument, but these are not ordinary circumstances and anyone who so wishes could offer a limitation of funds.

Additionally the majority has very clearly stated:

This relief is available only in those cases where both a farmer is unable to qualify for loans to replace livestock or growing crop losses as a result of the disaster and where insurance against such loss of livestock or growing crops was not available at reasonable rates.

This certainly explains their position on section 5.

In my district, basically an agricultural area, while we are blessed by the good Lord in terms of climate and usually superlative crop growing conditions, we are also, on the other hand, prone to lose much by natural disasters.

Recently, blessed by the Lord, my district was missed by hurricane Inez. The damage we would have suffered was borne by Mexico. But to go on its final days, through Brownsville, Tex., there would have been a requirement for help, for the kind of help that would have been provided under this legislation. The majority of the committee realize this fact—and they are to be commended for their interest and effort—while none of the people in my area are interested in a handout, had the hurricane situation been as charted, something might have been required. Although I am very disappointed that section 5 will be deleted Mr. Speaker, I shall nonetheless support the legislation and urge the committee to at the earliest possible moment, seek to restore the intent of the deleted section.

I thank my colleague for yielding.

Mr. CRAMER. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. DON H. CLAUSEN].

Mr. DON H. CLAUSEN. Mr. Speaker, I rise, quite obviously, in enthusiastic support of this legislation, because of the fact that I have served on this committee during the entire consideration of the legislation as we were drafting it and have traveled throughout the country in regard to it.

Certainly everyone realizes that this legislation is desperately needed.

I am also pleased to remind the House that it will be the intent of our Public Works Committee to move early next year toward the consideration and recommendation of an adequate flood

disaster insurance program on a nationwide scale.

The private sector desperately needs this type of coverage and with the filing of the HUD report, which our committee requested, we will have a base of information upon which to hold hearings and offer reasonable and responsible recommendations.

I believe it will require a partnership concept between the insurance industry and the Federal Government as I outlined in my recommendations to the committee. This will cover the category included in section 5 of the bill that by committee amendment, we are deleting.

Also, I am pleased to advise the Members that an amendment, I offered in committee, to request a study by OEP to determine the current capability of preventing major forest and grass fires throughout the country. We are asking for a complete inventory of existing firefighting programs, including equipment, surface and airborne, helispots, heliports and airports.

In this day of advanced technology, it is inconceivable to me that we should not have on a standby basis the finest firefighting program that money can buy.

Once a fire breaks out and reaches major forest or grass fire proportions, the losses and threats to property are heavy and frightening.

With a broad background of experience as a former forest fire patrol pilot and a firsthand observer of the annual forest fires of my district, I think I am somewhat qualified to bring this problem to the attention of the Congress. I deeply appreciate the committee's acceptance of my study amendment.

I urge unanimous support of this bill and further want to admonish the House to be prepared to act on our disaster insurance program recommendations for next year.

Mr. CRAMER. Mr. Speaker, I believe the gentleman from California [Mr. DON H. CLAUSEN] should be congratulated for the effort he has put into this legislation, and particularly for his draftsman-ship of section 14, which provides that the OEP survey and study will be made with respect to the need for additional or improved air operation facilities which are needed to prevent or to minimize loss of property and personal injury or death which could result from grass or forest fires. The gentleman's interest in this subject is well known.

I also congratulate him for having been one of those persons who gave of their time and effort to visit personally, as has the committee, the various areas that have been stricken by disaster, getting an onsite inspection of it and a discussion of what relief is needed and what is available under the legislation.

I also wish to congratulate the committee, under the chairmanship of our distinguished colleague, the gentleman from Maryland [Mr. FALLON] for taking this approach to serious disaster problems throughout this country. This is the first time I know of that the Committee on Public Works, at least in the past few years, has taken it upon itself to get an onsite, firsthand look at what

happens when one of these major disasters strikes, and the need for relief. I hope this policy will be continued in the future.

The gentleman from California [Mr. DON H. CLAUSEN], has been consistent in his willingness to attend these hearings on site through the United States. I congratulate him and the other members of the committee, who have done likewise.

Mr. DOLE. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Kansas.

Mr. DOLE. I rise in support of this legislation.

I also take the time to thank the members of the committee, who visited my district in July of 1965, following the very disastrous flood in June.

Mr. Speaker, the Arkansas River flood of June 1965 was called the worst in Kansas history. The flood was born on the eastern slope of Colorado's Rocky Mountains, the product of severe rain and hail storms that swept the foothills areas. After 3 days of wind, rain, and hail hammered the Denver area, the floods followed. The combined flooding of East Plum Creek, Plum Creek, the South Platte River, Clay Creek, Bijou Creek, the Fountain and the Purgatorie, and other swollen minor streams all met the Arkansas River in eastern Colorado, and from there the floodwaters raced toward the Kansas State line. The flood reached Hamilton County early Thursday, June 17, only hours after 4 inches of quick rain drenched the Coolidge vicinity 14 miles west of Syracuse. The damage there was tremendous to the homes, farms, crops, and livestock, and later that day it was Syracuse's turn. The crest reached Syracuse at 5:30 p.m. on June 17, and here again there was extensive damage and nearly 300 persons were evacuated from their homes. Next came Kendall, a small town of about 100, 12 miles east of Syracuse. There the water never crossed the protective railroad dike, but it was a different story in rural areas where the spreading Arkansas River reached a width of 5 miles. The flood reached Lakin at 9 a.m. on Friday, June 18, and in this area several residents who did not believe the extent of the oncoming flood had to be rescued by boat. From there the flood moved to Garden City, and here some 300 families were evacuated. Garden City was among the hardest hit communities along the path of the rampaging Arkansas River, and the damage would have been more extensive had it not been for a tremendous community effort. The Arkansas River rumbled out of Garden City toward Pierceville where all the residents had already been evacuated. At Ingalls the water rose 15 feet, and in Cimarron the water crested at 17 feet at 11:45 a.m. on Saturday, June 19, causing extensive damage to homes and businesses south of the Santa Fe tracks.

The flood rocked Dodge City, arriving at 9:30 p.m., Saturday, in a 1½-mile-wide sheet of water which rose to a maximum of 17.12 feet, almost 3 feet higher than the previous record set in 1951.

Dodge City was extensively flood damaged, and nearly 1,500 residents left their homes. From Dodge City the flood moved to Kinsley, some 6 feet above flood stage, and Kinsley took a drubbing not only from the Arkansas on the west, but also from Coon Creek on the east. Next in line was Garfield, and then on to Larned 12 miles downstream, but Larned was ready and its soggy dikes contained most of the water. The crest then arrived in Great Bend at 10 a.m., Wednesday, June 23, and the 13.2-foot crest was 2 feet higher than any in the town's history, but Great Bend won its battle of the bulge by means of an effective dike system. The flood was gradually slackening as it reached Ellinwood later than evening, and from there the floodwaters moved slowly through Alden, Raymond, Sterling, Nickerson, Hutchinson, Wichita, and on into Oklahoma.

The total flood loss was pegged at \$22 million by Gov. William Avery even before the flood reached Hutchinson. The wheat crop damage alone was estimated to be \$3 million, and the damage inflicted upon hundreds of thousands of acres of farmland could not even be estimated. Following this historic disaster, the area was declared a "disaster area," and the President's Office of Emergency Planning under Public Law 81-875, moved quickly to aid the stricken area.

I agree that Public Law 81-875 is effective, but also agree that it is limited. There are many problems yet unsolved along the Arkansas River and others that seem to have become bogged down in perhaps necessary, but frustrating, bureaucratic review. Passage of S. 1861 by the Congress would make the administration of Public Law 81-875 more efficient. There must be a more effective response to natural disasters, and in my opinion, S. 1861 is a determined effort to assist those in disaster areas immediately. It will also coordinate existing programs, and the fact that the act is made retroactive to October 3, 1964, may be helpful to many along the Arkansas River who are still suffering as a result of the June 1965 flood.

I did have questions with reference to section 5, but understand the committee has decided to defer action on this section until next year. It does seem that Congress should consider early next year a comprehensive flood insurance program, in cooperation with private insurance carriers. There is a need for such insurance, and I for one will strongly support any such efforts of this committee and, in fact, recommended last year that such a program be initiated.

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. CHELF].

Mr. CHELF. Mr. Speaker, I should like to identify myself with this piece of legislation.

Some 15 years ago, the gentleman from Texas will recall, Texas City was almost completely and literally blown off the map. I have had an interest since

that time in seeing that Federal help be provided for cities and communities which, through no fault of their own, are unable to cope with their tragic disasters. I believe it is a responsibility of the Federal Government to help local people in matters of this kind. It is like all the neighbors coming in to rebuild one's barn—that is lost by fire or cyclone. I have felt this way since I have been a Member of Congress, for the past 22 years.

I join with the gentleman from Texas and all others on both sides of the aisle, irrespective of political views, in the support of this bill.

Mr. RANDALL. Mr. Speaker, I rise in support of S. 1861, the Disaster Relief Act of 1966.

My interest in a measure of this kind is very much like that of other Members whose congressional district has been the victim to a natural disaster.

In northeast Cass County is situated the city of Pleasant Hill, Mo. It was struck by a severe tornado which in the Middle West is sometimes referred to as a cyclone. Damage was widespread. Our Governor recommended to the President that the area be declared as a disaster area. We had always believed that when these events happened that there would be some immediate and realistic assistance forthcoming to the community. None of my constituents or myself expected any kind of a handout but we did expect that there would be some coordinated disaster relief program go into effect when help was so urgently needed. About all that happened was that some representatives of the Small Business Administration came down from Kansas City, Mo., and offered to take applications for some loans. They took the applications but that was about all that happened. There was so much redtape and so many preliminary requirements that my constituents finally gave up and tried to get financial help from other sources.

It was for that reason that I introduced H.R. 10332 to establish a 12-point program of Federal disaster relief. It was designed to provide equitable treatment to disaster victims and it was a sincere effort toward a substantial improvement over existing enactments.

One of the most important provisions was to supplement the cost of replacing damaged school buildings and equipment. Next in importance was low-interest loans to rehabilitate damaged or destroyed family residences. Another provision was to authorize the President to secure temporary housing for displaced families to rent and at not more than 25 percent of their monthly income. There were several other provisions which I will not take the time to enumerate. I testified before the House Public Works Committee in August 1965.

Perhaps S. 1861 is not as comprehensive as provisions of our own H.R. 10332 but it is certainly a great improvement and a substantial advance forward over existing disaster legislation. It is for this reason that it is a privilege to endorse provisions of the Senate bill and

urge that the rules be suspended and this bill be passed before the 89th Congress adjourns sine die.

Before I conclude, I think it is appropriate to compliment the Public Works Committee for their effort to push this bill through before adjournment and our colleague Jim Wright deserves special commendation to see that the House acted on this bill prior to adjournment.

Mr. CLEVELAND. Mr. Speaker, I rise in support of this legislation, the Disaster Relief Act of 1966, S. 1861.

It is a matter of particular pleasure that the majority has acceded to the minority views so this important legislation now has the support of the full Public Works Committee on which it is my pleasure to serve.

It is comforting to know that Republican minority views are commanding increasing respect. The legislation itself has been quite well explained during this discussion and debate on the floor, and I do not intend to speak for too long—particularly at a period such as this when time is so important to all of us. This legislation does a good job of providing, as the gentleman from Texas [Mr. Wright] has pointed out:

An ever-ready arsenal of available weapons, in one package, so as to obviate the necessity of scrambling, after the act, in each instance for individual relief legislation.

Besides paying a particular word of praise to the gentleman from Florida [Mr. Cramer] and the gentleman from California [Mr. Don H. Clausen] for their important contribution to this legislation, I think the committee staff, both majority and minority, deserve particular praise for the well-written report accompanying S. 1861. This report, House Report No. 2141, is excellent. As I have previously indicated, I am glad that the points raised in our minority views have been acceded to.

GENERAL LEAVE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this subject.

The SPEAKER pro tempore [Mr. McFall]. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas [Mr. Wright] that the House suspend the rules and pass the bill S. 1861, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington one of its clerks announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2947) entitled "An act

to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act".

APPROPRIATION BILL FOR THE DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1967, AND FOR OTHER PURPOSES

Mr. ROONEY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 18119) an act making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1967, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. ROONEY of New York, SIKES, SLACK, SMITH of Iowa, FLYNT, JOELSON, MAHON, BOW, LIPSCOMB, and CEDERBERG.

CHILDREN'S SUMMER LUNCH PROGRAM ACT

Mrs. GREEN of Oregon. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9339) to protect the health and well-being of the Nation's children by establishing a special summer lunch program, as amended.

The Clerk read as follows:

H.R. 9339

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National School Lunch Act (42 U.S.C. 1751-1760) is amended—

(1) by striking out the first section and inserting in lieu thereof the following:

"TITLE I—NATIONAL SCHOOL LUNCH PROGRAM
"Short title

"SECTION 1. This title may be cited as the 'National School Lunch Act.';

(2) by striking out "this Act" and "the Act" wherever they appear in sections 2 through 12, inclusive, and inserting in lieu thereof "this title"; and

(3) by adding after section 12 the following new title:

"TITLE II—CHILDREN'S SUMMER LUNCH PROGRAM
"Short title

"SEC. 201. This title may be cited as the 'Children's Summer Lunch Program Act'.

"Declaration of purpose

"SEC. 202. In recognition of the demonstrated relationship between good nutrition and the capacity of children to develop and learn, based on the years of cumulative successful experience under the national school lunch program, it is hereby declared to be the purpose of this title to further safeguard and promote the health, education, and well-being of the Nation's children and to encourage the domestic consumption of agricultural and other foods, by establishing a special summer lunch program for children to complement the regular school lunch program carried out under the National School Lunch Act.

"Appropriations authorized

"SEC. 203. For the purpose of enabling the Secretary of Agriculture (hereinafter in this title referred to as the 'Secretary') to carry out the provisions of this title, there is hereby authorized to be appropriated the sum of \$8,000,000 for the fiscal year ending June 30, 1967; but for each fiscal year thereafter only such sums may be appropriated as Congress may hereafter authorize by law.

"Special summer lunch program for children

"SEC. 204. The Secretary shall formulate and carry out a special summer lunch program for children as provided in this title under which lunches shall be made available for children between the ages of three and eighteen, inclusive, attending summer youth centers. The sums appropriated for any fiscal year for carrying out such program, excluding the sum specified in section 205, shall be available to the Secretary for supplying agricultural commodities and other foods for the program in accordance with the provisions of this title. The Secretary shall apportion among the States during each fiscal year not less than 75 per centum of the funds made available for such year for supplying agricultural commodities and other foods under the provisions of section 203 of this title. For the fiscal year ending June 30, 1967, the Secretary shall apportion funds among the States on the same basis as funds are apportioned under section 4 of the National School Lunch Act to carry out the national school lunch program. Apportionment among the States for each fiscal year thereafter shall be made upon the basis of two factors: (1) the participation rate for the State, and (2) the assistance need rate for the State. The amount of apportionment to any State shall be determined by the following method: First, determine an index for the State by multiplying factors (1) and (2); second, divide this index by the sum of the indices for all the States; and third, apply the figure thus obtained to the total funds to be apportioned. If any State cannot utilize all funds so apportioned to it, or if additional funds are made available under section 203 for apportionment among the States, the Secretary shall make further apportionments to the remaining States in the same manner. The program authorized under this title shall be carried out in a State only during the summer vacation period when the elementary and high schools of such State are normally closed or open only on a limited summer schedule.

"Nonfood assistance

"SEC. 205. Of the sums appropriated for any fiscal year to carry out the special summer lunch program for children authorized by this title, \$1,000,000 shall be available to the Secretary for the purpose of providing, during such fiscal year, nonfood assistance for such special program pursuant to the provisions of this title. The Secretary shall apportion among the States during each fiscal year such sum of \$1,000,000, and such apportionment among the States shall be on the same basis as the apportionment of funds for agricultural commodities and other foods is made under section 204 of this title.

"Direct Federal expenditures

"SEC. 206. The funds appropriated for any fiscal year for carrying out the provisions of this title, less not to exceed 3½ per centum thereof hereby made available to the Secretary for his administrative expenses, less the amount apportioned by him pursuant to sections 204, 205, and 211, and less the amount of grants made under section 208, shall be available to the Secretary during such year for direct expenditure by him for agricultural commodities and other foods to be distributed among the States and summer youth centers participating in the special program under this title in accordance with the needs as determined by the appropriate local au-

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15. HOUSING LOANS. Agreed to the conference report on S. 3708, the demonstration cities bill, which includes amendments to the rural-housing law. pp. 26284-8
16. DISASTER RELIEF. Concurred in the House amendment to S. 1861, to provide additional assistance for areas suffering a major disaster (pp. 26313-16). The bill as passed does not contain the section which would have permitted the Secretary of Agriculture under certain conditions to replace income producing livestock or growing crops damaged or destroyed as a result of a major disaster. This bill will now be sent to the President.
17. HEALTH SERVICES. Concurred in House amendment to S. 3008, to amend the Public Health Services Act to promote and assist in the extension and improvement of comprehensive health planning and public health services, to provide for a more effective use of available Federal funds for such planning and services (pp. 26309-13). This bill will now be sent to the President.
18. WATERSHEDS. The Agriculture and Forestry Committee and the Public Works Committee approved various watershed reports. pp. D1016, D1017
19. D. C. HELIPORT. The Public Works Committee voted to report (but did not actually report) H. R. 15024, to establish heliport facilities in D. C. p. D1017
20. FARM PROGRAM. Sen. Ervin spoke on "North Carolina's state in agriculture" and described farm programs of assistance to that State. pp. 26266-7
21. PERSONNEL. Sen. Talmadge inserted testimony by Robert Ramspeck favoring legislation to prohibit psychological testing, telephone tapping, polygraph machines, and questionnaires "invading the privacy of Federal employees." pp. 26272-3
22. TARIFF. Agreed to, without amendment, S. Res 315, to direct the Tariff Commission to investigate the tariff on olives and report their findings to the Senate by Mar. 31, 1967. p. 26284
23. LEGISLATIVE RECORD. Sen. McClellan reported on the activities of the Government Operations Committee. pp. 26300-6
24. WATER. Sen. Moss inserted an article on the possibility of bringing surplus water from Canada and Alaska. pp. 26321-2
25. NATURAL RESOURCES: ORGANIZATION. Sen. Moss spoke in favor of a Department of Natural Resources. pp. 26322-3

ITEMS IN APPENLIX

26. DEMONSTRATION CITIES. Rep. Farbstein inserted his speech in the House in support of the demonstration cities bill. pp. A5376-7
27. FOOD COSTS. Rep. Rhodes commended and inserted an article deploring the high cost of food and other consumer goods. p. A5379
28. POLLUTION. Extension of remarks of Rep. Rumsfeld and insertion of a review of the book entitled "The Pollution Paradox." p. A5380

29. INTERGOVERNMENTAL RELATIONS. Extension of remarks of Rep. Dwyer and insertion of an article on the White House Fellows program which is designed to increase interchange of ideas and experience among levels of government.
p. A5381-2

BILL INTRODUCED

30. HIGHWAYS. H. R. 18427 by Rep. Landrum, to authorize the Secretary of Agriculture to cooperate with States, counties, and local public agencies in the planning and installation of works and measures to control or prevent erosion damages to the roadbeds and rights-of-way of existing State and county roads and highways; to Public Works Committee.

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COMMITTEE HEARING OCT. 19:

Supplemental appropriations, S. Appropriations (exec).

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for public health. The role of health departments has been expanded by medical research that has yielded the knowledge to prevent and control additional diseases, by environmental pollution that has created new hazards to health, and by population growth.

As an alternative to authorizing new categorical programs of assistance directed against additional specific diseases or health problems, S. 3008 provides for a flexible and responsive program of financial assistance for public health activities.

The new program of financial assistance would extend the Hill-Burton concept of comprehensive planning to other public health activities so that States and communities could evaluate public health needs and establish priorities for the allocation of extremely limited health resources.

As passed by the Senate, S. 3008 authorized a maximum of \$1.1 billion in appropriations to cover the costs of comprehensive planning and grants-in-aid for public health services over the entire 4 fiscal years 1967-70.

This total was \$108 million below the administration request for the same 4 years 1967-70 and \$1.2 billion below the original recommendations of the administration for a 6-year program covering 1967-72.

In addition, the Senate in approving S. 3008 authorized, first, a total of \$32 million in appropriations over the 4 years 1967-70 for grants to mental retardation facilities to assist in expanding and initiating services for the mentally retarded, and second, a total of \$9 million in appropriations over the 3 years 1968-70 for training and research in the field of recreation for mentally retarded and other handicapped children.

In the House of Representatives, the legislation was referred to the Committee on Interstate and Foreign Commerce. That committee has reported that it did not have time to fully consider the legislation. The House has approved a substantially modified version of the measure.

As passed by the House, the legislation authorizes a total of \$154 million in appropriations to cover 2 years of comprehensive health planning and 1 year of grants-in-aid for public health services. The House did not approve the Senate provisions that authorized grants, first, for initiating and expanding services at facilities for the mentally retarded, or second, for training and research in recreation for the mentally retarded and other handicapped children.

During the course of hearings in the House and in reporting the legislation, the Committee on Interstate and Foreign Commerce noted that time did not permit full hearings this year and stated that it would consider the subject matter again early next year.

Accordingly, I recommend that the Senate accept the amendments of the House of Representatives. I do so with the understanding that the House action does not represent final action. I look forward to further consideration of the legislation next year in both the Senate and House of Representatives.

In the case of comprehensive health planning and grants for public health services, the House action at least initiates the programs in accord with the new approach to flexible financing that is endorsed by the Council of State Governments, the Advisory Commission on Intergovernmental Relations and the National Association of Counties. Full funding can come later.

More serious, however, is the fact that the legislation as passed by the House completely eliminates the provisions relating to assistance for the mentally retarded. I want to assure the membership of the National Association for Retarded Children that we will recommend again next year the enactment of legislation to authorize grants for initiating and expanding services at facilities for the mentally retarded and legislation to finance training and research in recreation for the mentally retarded and other handicapped children.

The grants for facilities for the mentally retarded are similar to the assistance authorized under existing law to cover the costs of initial staffing at community mental health centers, rehabilitation facilities, and sheltered workshops. The funds for training and research in recreation for the mentally retarded and the handicapped children are urgently needed. I believe, however, that the 1-year delay will not seriously interfere with the progress we will achieve through these new programs.

Mr. President, I have consulted with the ranking minority member of the Committee on Labor and Public Welfare, the senior Senator from New York [Mr. JAVRS]. He and I are in agreement. The Department of Health, Education, and Welfare is in full agreement. The only practical thing to do at this time is to agree to the House amendment, since adjournment is so close.

Although the House reduced rather substantially the amount of money to be provided, we have laid the groundwork for further consideration next year. As stated in the House report that accompanied the bill:

The subject embraced by the bill is an extremely important one, and the committee intends to go into the subject thoroughly as early as practicable in the next Congress.

As approved by the House, the legislation will permit the initiation of comprehensive health planning and a more flexible approach to financing both formula and project grants for public health programs. The planning will be started in 1967 and, as stated in the House report, the Committee on Interstate and Foreign Commerce will again go into the subject thoroughly as early as practicable in the next Congress. Congress convenes in January and they will then take up the matter of this legislation.

Mr. President, I ask unanimous consent to have printed at this point in the Record a letter addressed to me under date of October 11, 1966 by Ralph K. Huitt, Assistant Secretary for Legislation of the Department of Health, Education, and Welfare. In this letter, Mr. Huitt, on behalf of the Department, recom-

mends the acceptance of the House amendment to S. 3008.

There being no objection, the letter was ordered to be printed in the Record, as follows:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,

Washington, D.C., October 17, 1966.

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As I promised over the telephone, I am sending you a comparison of S. 3008 and H.R. 18231, which are respective versions of the Comprehensive Health Planning and Public Health Services bill.

As you know, we much prefer the Senate bill but we recognize that the limitations on time mean that the more restricted bill is all we can get from the House this year. We believe it will let us get the comprehensive health planning started and establish the new structure for formula and project grants. Therefore we hope that you and your Committee will decide that you can take the House bill without a conference.

We deeply appreciate your passing S. 3008 which we think is a splendid bill.

Sincerely,

RALPH K. HUITT,

Assistant Secretary for Legislation.

Mr. HILL. Mr. President, I move that the Senate concur in the House amendment to S. 3008.

The motion was agreed to.

Mr. HILL. Mr. President, I move to reconsider the vote by which the Senate concurred in the amendment of the House.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ADDITIONAL ASSISTANCE FOR AREA SUFFERING A MAJOR DISASTER

Mr. BAYH. Mr. President, I ask the Chair to lay before the Senate the amendment of the House to S. 1861.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1861) to provide additional assistance for areas suffering a major disaster, which was, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Disaster Relief Act of 1966".

DEFINITION

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority

herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

(b) The Secretary of Housing and Urban Development is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Department of Housing and Urban Development or its predecessor in interest, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such note or other obligation, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years. The Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g). The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loan, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER LOANS

SEC. 4. (a) Section 221 of the National Housing Act is amended by striking out "family displaced from an urban renewal area or as a result of governmental action", "families displaced from urban renewal areas or as a result of governmental action", and "families displaced by urban renewal or other governmental action" each place they appear in subsections (a), (d)(2), (d)(3)(iii), (d)(6), and (f), and inserting in lieu thereof, as appropriate, "displaced family" or "displaced families".

(b) Section 221(f) of such Act is further amended by adding the following sentence at the end thereof: "As used in this section the terms 'displaced family' and 'displaced families' shall mean a family or families dis-

placed from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)."

DISASTER WARNINGS

SEC. 5. The Secretary of Defense is authorized to utilize or to make available to other agencies the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 6. (a) The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and the following: "and includes any rural community or unincorporated town or village for which an application for assistance is made by a State or local government or governmental agency".

(b) Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926), is amended by adding at the end thereof the following new subsection:

"(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a) (2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State."

HIGHER EDUCATION FACILITIES ASSISTANCE IN DISASTER AREAS

SEC. 7. (a) The Higher Education Facilities Act of 1963 (20 U.S.C. 701-757) is amended by inserting immediately after the last section of such Act the following new section:

"HIGHER EDUCATION FACILITIES CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

"SEC. 408. (a) If the Director of the Office of Emergency Planning determines that a public institution of higher education is located in whole or in part within an area which, before July 1, 1967, has suffered a disaster which is a 'major disaster' as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and if the Commissioner determines with respect to such public institution of higher education that—

"(1) the academic facilities of the institution have been destroyed or seriously damaged as a result of the disaster;

"(2) the institution is exercising due diligence in availing itself of State and other financial assistance available for the restoration or replacement of the facilities; and

"(3) the institution does not have sufficient funds available to it from other sources, including the proceeds of insurance on the facilities, to provide for the restoration or replacement of the academic facilities so destroyed or seriously damaged,

the Commissioner may provide the additional assistance necessary to enable the institution to carry out construction necessary to restore or replace the facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available to the institution from other sources, including the proceeds of insurance on the facilities, may not exceed the cost of construction incident to the restoration or replacement of the academic facilities destroyed or seriously damaged as a result of the disaster.

"(b) In addition to and apart from the assistance provided to a public institution of higher education under subsection (a), the Commissioner may provide funds to such institution in an amount which he considers necessary to replace equipment, maintenance supplies, and instructional supplies (including books, and curricular and program materials) destroyed or seriously damaged as a result of the disaster, or to lease or otherwise provide (other than by acquisition of land or construction of academic facilities) such facilities needed to replace temporarily those academic facilities which have been made unavailable as a result of the disaster, or both.

"(c) In any case deemed appropriate by the Commissioner, disaster assistance provided under subsection (a) or (b) may be in the form of a repayable advance subject to such terms and conditions as he considers to be in the public interest.

"(d) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section.

"(e) No payment may be made to a public institution of higher education for academic facilities under subsection (a) or for assistance under subsection (b) unless an application therefor is submitted through the appropriate State commission and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the institutions which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State commission, that the project or projects with respect to which it is made are not inconsistent with overall State plans, submitted under section 105(a), for the construction of academic facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State commission.

"(f) Amounts paid by the Commissioner to a public institution of higher education under subsection (a) or (b) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to an institution which are not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(g) For the purposes of this section an institution of higher education is deemed to be a 'public institution of higher education' if the institution is under public supervision and control."

(b) Section 7 of the Small Business Act, as amended (15 U.S.C. 636), is amended by adding thereto the following new subsection:

"(e) In the administration of the disaster loan program under subsection (b)(1) of this section, in the case of property loss or damage as a result of a disaster which is a 'major disaster' as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), the Small Business Administration, to the extent such loss or damage is not compensated for by insurance or otherwise, may lend to a privately owned college or university without regard to whether the required financial assistance is otherwise available from private sources, and may waive interest payments and defer principal payments on such a loan for the first three years of the term of the loan."

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC HOUSING ASSISTANCE

SEC. 8. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities;

(2) under the United States Housing Act of 1937 for the provision of low-rent housing;

(3) under section 702 of the Housing Act of 1954 for assistance in public works planning;

(4) under section 702 of the Housing and Urban Development Act of 1965 providing for grants for public facilities; or

(5) under section 306 of the Consolidated Farmers Home Administration Act

priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

RESTORATION OF PUBLIC FACILITIES

SEC. 9. There is hereby authorized to be appropriated such sums as may be necessary to reimburse not more than 50 per centum of eligible costs incurred to repair, restore, or reconstruct any project of a State, county, municipal, or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster, and of the resulting additional eligible costs incurred to complete any such facility which was in the process of construction when damaged or destroyed as a result of such major disaster. Eligible costs are defined to mean those costs determined by the Director of the Office of Emergency Planning as incurred or to be incurred in (1) restoring a public facility to substantially the same condition as existed prior to the damage resulting from the major disaster, and (2) completing construction not performed prior to the major disaster to the extent the increase of such costs over original construction costs is attributable to changed conditions resulting from the major disaster. Reimbursement under this section shall be made to the State, county, municipal, or other local governmental agency which is constructing the public facility or for which it is being constructed, except that if the economic burden of the eligible costs of repair, restoration, reconstruction or completion is incurred by an individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance), the State, county, municipality, or other local governmental agency shall reimburse such individual, partnership, corporation, agency, or other entity not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received pursuant to insurance

contracts or otherwise by the party incurring the economic burden of such costs.

DUPLICATION OF BENEFITS

SEC. 10. The head of each department or agency of the Federal government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner which will assure that no such person, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

EXTENSIONS OF TIME IN PUBLIC LAND MATTERS

SEC. 11. The Secretary of the Interior, upon application therefor, is authorized to grant an extension of time to the holder of any lease, license, permit, contract or entry issued by him in connection with any lands administered by him through the Bureau of Land Management where the Secretary finds that a major disaster has impeded timely fulfillment of requirements and such relief will not prejudice the rights of another party.

COORDINATION OF EFFORT

SEC. 12. The President, acting through the Office of Emergency Planning, shall plan and coordinate all Federal programs providing assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster, and shall conduct periodic reviews (at least annually) of the activities of State and Federal departments or agencies to assure maximum coordination of such programs, and to evaluate progress being made in the development of State and local organizations and plans to cope with major disasters. Nothing in this section shall be deemed to relieve the head of any department or agency of any function, duty, or responsibility vested in him by any provision of law.

DISASTER ASSISTANCE STUDY

SEC. 13. The Director of the Office of Emergency Planning is authorized and directed to make, in cooperation with the Secretary of Agriculture, the Secretary of the Interior, and other affected Federal and State agencies, a full and complete study and investigation for the purpose of determining what additional or improved air operation facilities are needed to provide immediate effective action to prevent or minimize loss of publicly or privately owned property and personal injury or death which could result from forest fires or grass fires which are or threaten to become major disasters. The study and investigation shall include but not be limited to—

(1) the need for new or improved airports, heliports, or helispots at specific locations where present transportation facilities are inadequate to provide for immediate and effective action in case of forest fires or grass fires;

(2) the need for additional or improved material, equipment (including aircraft) and personnel at specific locations to provide for immediate and effective action in case of forest fires or grass fires; and

(3) the estimated cost of providing such new or improved air operation facilities (including additional or improved material, equipment, and personnel) at each specific location.

Not later than six months after the enactment of this Act the Director of the Office of Emergency Planning shall report the findings of the study and investigation to the Congress together with his recommendations for an action program, including an equitable plan for the sharing of the cost of the program by the Federal, State and local governments and private persons and organizations.

EFFECTIVE DATE

SEC. 14. This Act and the amendments made by this Act shall apply with respect to any major disaster occurring after October 3, 1964.

Mr. BAYH. Mr. President, I point out that a year and a half ago the Senate, after a series of tragic disasters, passed one of the most comprehensive disaster bills, if not the most comprehensive disaster bill, in the history of the country.

We looked into all aspects of the pain, suffering, and deprivation that occur when an act of nature strikes down families and communities and whole parts of States.

We had an excellent bill. The bill lay dormant for over a year until we finally got some action. The House committee held extensive hearings.

I compliment Representative WRIGHT, of Texas, and Representatives ROUSH and BRADEMANS, of Indiana for the diligent effort they put into the measure.

But, Mr. President, in the last days of the session certain members of the Committee on Public Works in the House have resorted to some of the most arbitrary tactics one can imagine, the final result being that a real disaster has beset the disaster bill.

Having been involved in legislation at the State and National levels, I am a firm advocate of half a loaf being better than none, if we can make progress. But as I study these amendments that have been ripped into the Senate disaster bill, I find that rather than half a loaf, we are lucky if we even have the wrapping of the loaf.

After some consideration with the members of our committee—of which the Presiding Officer is one of the distinguished members—I reluctantly will move that the Senate accept these amendments, with the full realization that I feel that we have a sober obligation to start out on the first day of the next session to insist that the House of Representatives accept another comprehensive bill, which I trust will be passed by this body, with all the funds and the programs that we had to help needy people throughout the world.

I hope that we will see the day when we can treat with justice and compassion the poor citizens of this country who are struck low by disaster, by an act of nature.

I am most reluctant to ask my colleagues to accept these amendments, but, fearing that if we go to conference we will get nothing, I am willing to accept 1 inch of the rule and move that the Senate accept these amendments.

I ask unanimous consent to have printed in the RECORD at this point a statement prepared by my colleague, Senator COOPER.

There being no objection, the statement was ordered to be printed in the RECORD as follows:

STATEMENT BY SENATOR COOPER

As both a sponsor of the bill, S. 1861, before the Senate for consideration, and as a member of the Committee on Public Works, which conducted the hearings on the Dis-

aster Relief Act of 1966, I want to voice my support for passage of this important bill, first by the Senate and yesterday by the House.

I also want to pay tribute to the effort and thought of the distinguished junior Senator from Indiana [Mr. BAYH], who introduced S. 1861 and who worked in the committee and in the Senate to develop a comprehensive, useful set of programs that would help to meet the needs of citizens and communities struck by natural disasters.

Under current legislative status, whenever a major natural disaster strikes, it is necessary for the Congress to pass special legislation to provide the needed relief to the stricken area. Such action takes considerable time at a time when relief is needed immediately. This bill will provide the necessary standby authority which will be automatically engaged when the President so designates an area as a "major disaster area".

In my own State of Kentucky, where we know the terrible effects particularly of floods, and where we have seen communities work to rebuild their life and economy over long years of almost annual disasters in some areas, this bill will provide assistance and direction when it is needed most. The Federal agencies have provided important and sympathetic services in times of great need not only in communities and for citizens in Kentucky, but from time to time in States all across the Nation.

This bill would revise existing Federal disaster programs established by the Congress and it will make it possible for local governments to rebuild their communities and respond to the needs of their people following a natural disaster by assisting home owners, businesses, rural and unincorporated communities, and providing for school construction, highway assistance, public housing, and public works expenditures in the repair and restoration of these facilities.

I note that the House amendment has deleted section 5 of the House bill—corresponding to section 7 of the Senate bill, which would have permitted the Secretary of Agriculture under certain conditions to replace income producing livestock, or other growing crops damaged or destroyed as a result of a major disaster.

The House deleted this provision of the bill, and I further note the statements of Senator BAYH, manager of the Senate bill, and the statement of Congressman WRIGHT, manager of the House bill, that they will urge the Public Works Committee of both Houses to give this question of insurance greater study and further consideration in the next session of Congress.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

ORDER FOR ADJOURNMENT UNTIL 11 O'CLOCK TOMORROW MORNING

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

RECESS

Mr. KUCHEL. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Thereupon, at 2 o'clock and 3 minutes p.m., the Senate took a recess subject to the call of the Chair.)

At 2 o'clock and 55 minutes p.m., the Senate reassembled, when called to order by the Presiding Officer (Mr. MANSFIELD in the chair).

AUTHORIZATION OF ACCEPTANCE OF A SETTLEMENT OF CERTAIN INDEBTEDNESS OF GREECE TO THE UNITED STATES

Mr. JACKSON. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1760, to authorize the acceptance of a settlement of certain indebtedness of Greece to the United States and to authorize the use of the payments resulting from the settlement for a cultural and educational exchange program.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1760) to authorize the acceptance of a settlement of certain indebtedness of Greece to the United States and to authorize the use of the payments resulting from the settlement for a cultural and educational exchange program, which was, on page 2, strike out lines 10 through 18, inclusive, and insert:

SEC. 3. The sums paid by Greece to the United States as interest on or in retirement of the principal of the bond issued as provided in section 2 shall be deposited in the Treasury of the United States. Amounts equivalent to the sums so deposited are hereby authorized to be appropriated for use in financing educational and cultural exchange programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451-2458), in relation to Greece and the people of Greece.

Mr. JACKSON. Mr. President, the House adopted the bill with an amendment, which is: On page 2, strike out lines 10 through 18, and insert the following:

SEC. 3. The sums paid by Greece to the United States as interest on or in retirement of the principal of the bond issued as provided in section 2 shall be deposited in the Treasury of the United States. Amounts equivalent to the sums so deposited are hereby authorized to be appropriated for use in financing educational and cultural exchange programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451-2458), in relation to Greece and the people of Greece.

Mr. President, section 3 of S. 1760, as passed by the Senate, provided that the sums payable by Greece pursuant to the terms of the settlement covered by the bill would remain available until expended for use in financing educational and cultural exchange programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended, in relation to Greece and the people of Greece. The House amendment contains two technical changes and omits the language providing that such sums remain available until expended.

Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

CLASSIFICATION OF MOTION PICTURES

Mrs. SMITH. Mr. President, earlier this year, I introduced Senate Resolution 242 proposing the appointment of a select committee to study the subject of classification of motion pictures. This type of regulation, which has been successfully established and administered in Great Britain, is the middle course between censorship on one extreme end and complete irresponsibility on the other extreme end.

I am gratified that my introduction of this resolution has had a salutary effect in that the motion picture industry itself, subsequent to the introduction of my resolution, adopted a new code for a program of self-regulation on the basis of classification.

The latest information on this salutary action of the motion picture industry to police itself is that contained in a letter of Mr. Jack Valenti, president of the Motion Picture Association, to me dated September 26, 1966.

In his letter to me, Mr. Valenti acknowledges that the action of his group will not cover the several hundred foreign-produced motion pictures that are imported to this country each year. He points out that the audiences for these foreign-produced motion pictures are centered essentially in the Southwest, Harlem and Yorkville in New York, and Milwaukee.

He reports that the 85 U.S.-produced motion pictures in the past year accounting for 90 percent of the gross income from motion picture exhibition in the United States, only 1 was not code seal approved.

I am gratified with this progress, but I feel that the motion picture industry still has much room for improvement and much more yet to do.

I ask unanimous consent to place Mr. Valenti's letter in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MOTION PICTURE ASSOCIATION OF AMERICA, INC.,
Washington, D.C., September 26, 1966.

HON. MARGARET CHASE SMITH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I am most grateful to you for your comment on the Floor of the Senate last Thursday with respect to the adoption of our new Code. I appreciate your awareness of our problem. Like you, I hope that the use of the added information that certain movies are "suggested for mature audiences" will help meet the problem of parents in determining pictures suitable for their children.

You are correct in noting that many movies exhibited in the United States are never submitted for a code seal and are not made or even distributed by the members of this Association. But I think it is important to realize that while the number may be substantial they play to very small audiences. For example, during the past year some 85 feature motion pictures were responsible for nearly 90 percent of the gross income from motion picture exhibition in this country and 84 (all but one) of those pictures were code seal approved. In short, while several hundred pictures, most of which are produced abroad, may be shown



Public Law 89-769
89th Congress, S. 1861
November 6, 1966

An Act

80 STAT. 1316

To provide additional assistance for areas suffering a major disaster.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act of 1966".

Disaster Relief
Act of 1966.

DEFINITION

SEC. 2. As used in this Act, the term "major disaster" means a major disaster as determined by the President pursuant to the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g).

64 Stat. 1109.

FEDERAL LOAN ADJUSTMENTS

SEC. 3. (a) Where such action is found to be necessary because of loss, destruction, or damage of the property, or impairment of the economic feasibility of the system, of borrowers under programs administered by the Rural Electrification Administration, resulting from a major disaster, the Secretary of Agriculture is authorized to adjust and to readjust the schedules for payment of principal and interest on loans to such borrowers, and to extend the maturity dates of such loans to a period not beyond forty years from the dates of such loans. The authority herein conferred is in addition to the loan extension authority provided in section 12 of the Rural Electrification Act.

49 Stat. 1366.
7 USC 912.

(b) The Secretary of Housing and Urban Development is authorized to refinance any note or other obligation which is held by him in connection with any loan made by the Department of Housing and Urban Development or its predecessor in interest, or which is included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, where he finds such refinancing necessary because of the loss, destruction, or damage to property or facilities securing such obligations as a result of a major disaster. The interest rate on any note or other obligation refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such note or other obligation, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years. The Secretary may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship.

12 USC 1701g-5.

(c) Section 1820 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

72 Stat. 1213;
78 Stat. 800.

"(f) The Administrator is authorized to refinance any loan made or acquired by the Veterans' Administration when he finds such refinancing necessary because of the loss, destruction, or damage to property securing such loan as the result of a major disaster as determined by the President pursuant to the Act entitled "An Act to

80 STAT. 1317

64 Stat. 1109.

authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g). The interest rate on any loan refinanced under this subsection may be reduced to a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loan, adjusted to the nearest one-eighth of 1 per centum, less (ii) not to exceed 2 per centum per annum, and the term thereof may be extended for such period as will provide a maturity of not to exceed forty years; except that the Administrator may authorize a suspension in the payment of principal and interest charges on, and an additional extension in the maturity of, any such loan for a period not to exceed five years if he determines that such action is necessary to avoid severe financial hardship."

FEDERAL HOUSING ADMINISTRATION—INSURED DISASTER LOANS

68 Stat. 599.
12 USC 17151.

SEC. 4. (a) Section 221 of the National Housing Act is amended by striking out "family displaced from an urban renewal area or as a result of governmental action", "families displaced from urban renewal areas or as a result of governmental action", and "families displaced by urban renewal or other governmental action" each place they appear in subsections (a), (d) (2), (d) (3) (iii), (d) (6), and (f), and inserting in lieu thereof, as appropriate, "displaced family" or "displaced families".

(b) Section 221(f) of such Act is further amended by adding the following sentence at the end thereof: "As used in this section the terms 'displaced family' and 'displaced families' shall mean a family or families displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855-1855g)."

DISASTER WARNINGS

64 Stat. 1248.

SEC. 5. The Secretary of Defense is authorized to utilize or to make available to other agencies the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2281(c)), for the purpose of providing needed warning to governmental authorities and the civilian population in areas endangered by imminent natural disasters.

ASSISTANCE TO UNINCORPORATED COMMUNITIES

SEC. 6. (a) The Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855), is amended by inserting before the semicolon at the end of section 2(e) a comma and the following: "and includes any rural community or unincorporated town or village for which an application for assistance is made by a State or local government or governmental agency".

(b) Section 306 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926), is amended by adding at the end thereof the following new subsection:

75 Stat. 308;

79 Stat. 931.

“(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a) (2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State.”

HIGHER EDUCATION FACILITIES ASSISTANCE IN DISASTER AREAS

SEC. 7. (a) The Higher Education Facilities Act of 1963 (20 U.S.C. 701-757) is amended by inserting immediately after the last section of such Act the following new section:

77 Stat. 363.

“HIGHER EDUCATION FACILITIES CONSTRUCTION ASSISTANCE IN MAJOR DISASTER AREAS

“SEC. 408. (a) If the Director of the Office of Emergency Planning determines that a public institution of higher education is located in whole or in part within an area which, before July 1, 1967, has suffered a disaster which is a ‘major disaster’ as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), and if the Commissioner determines with respect to such public institution of higher education that—

64 Stat. 1109.

“(1) the academic facilities of the institution have been destroyed or seriously damaged as a result of the disaster;

“(2) the institution is exercising due diligence in availing itself of State and other financial assistance available for the restoration or replacement of the facilities; and

“(3) the institution does not have sufficient funds available to it from other sources, including the proceeds of insurance on the facilities, to provide for the restoration or replacement of the academic facilities so destroyed or seriously damaged,

the Commissioner may provide the additional assistance necessary to enable the institution to carry out construction necessary to restore or replace the facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance, plus the amount which he determines to be available to the institution from other sources, including the proceeds of insurance on the facilities, may not exceed the cost of construction incident to the restoration or

replacement of the academic facilities destroyed or seriously damaged as a result of the disaster.

"(b) In addition to and apart from the assistance provided to a public institution of higher education under subsection (a), the Commissioner may provide funds to such institution in an amount which he considers necessary to replace equipment, maintenance supplies, and instructional supplies (including books, and curricular and program materials) destroyed or seriously damaged as a result of the disaster, or to lease or otherwise provide (other than by acquisition of land or construction of academic facilities) such facilities needed to replace temporarily those academic facilities which have been made unavailable as a result of the disaster, or both.

"(c) In any case deemed appropriate by the Commissioner, disaster assistance provided under subsection (a) or (b) may be in the form of a repayable advance subject to such terms and conditions as he considers to be in the public interest.

"(d) There are hereby authorized to be appropriated for each fiscal year such amounts as may be necessary to carry out the provisions of this section.

"(e) No payment may be made to a public institution of higher education for academic facilities under subsection (a) or for assistance under subsection (b) unless an application therefor is submitted through the appropriate State commission and is filed with the Commissioner in accordance with regulations prescribed by him. In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the institutions which have submitted approvable applications. No payment may be made under subsection (a) unless the Commissioner finds, after consultation with the State commission, that the project or projects with respect to which it is made are not inconsistent with overall State plans, submitted under section 105(a), for the construction of academic facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State commission.

"(f) Amounts paid by the Commissioner to a public institution of higher education under subsection (a) or (b) may be paid in advance or by way of reimbursement and in such installments as the Commissioner may determine. Any funds paid to an institution which are not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

"(g) For the purposes of this section an institution of higher education is deemed to be a 'public institution of higher education' if the institution is under public supervision and control."

(b) Section 7 of the Small Business Act, as amended (15 U.S.C. 636), is amended by adding thereto the following new subsection:

"(e) In the administration of the disaster loan program under subsection (b) (1) of this section, in the case of property loss or damage as a result of a disaster which is a 'major disaster' as defined in section 2(a) of the Act of September 30, 1950 (42 U.S.C. 1855a(a)), the Small Business Administration, to the extent such loss or damage is not compensated for by insurance or otherwise, may lend to a privately owned college or university without regard to whether the required financial assistance is otherwise available from private sources, and may waive interest payments and defer principal payments on such a loan for the first three years of the term of the loan."

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITY AND PUBLIC
HOUSING ASSISTANCE

SEC. 8. In the processing of applications for assistance—

(1) under title II of the Housing Amendments of 1955, or any other Act providing assistance for the repair, construction, or extension of public facilities; 69 Stat. 642.
42 USC 1491-1497.

(2) under the United States Housing Act of 1937 for the provision of low-rent housing; 50 Stat. 888.
42 USC 1430.

(3) under section 702 of the Housing Act of 1954 for assistance in public works planning; 69 Stat. 641.
40 USC 462.

(4) under section 702 of the Housing and Urban Development Act of 1965 providing for grants for public facilities; or 79 Stat. 490.

(5) under section 306 of the Consolidated Farmers Home Administration Act 42 USC 3102.

Ante, p.

priority and immediate consideration shall be given, during such period as the President shall by proclamation prescribe, to applications from public bodies situated in major disaster areas.

RESTORATION OF PUBLIC FACILITIES

SEC. 9. There is hereby authorized to be appropriated such sums as may be necessary to reimburse not more than 50 per centum of eligible costs incurred to repair, restore, or reconstruct any project of a State, county, municipal, or other local government agency for flood control, navigation, irrigation, reclamation, public power, sewage treatment, water treatment, watershed development, or airport construction which was damaged or destroyed as a result of a major disaster, and of the resulting additional eligible costs incurred to complete any such facility which was in the process of construction when damaged or destroyed as a result of such major disaster. Eligible costs are defined to mean those costs determined by the Director of the Office of Emergency Planning as incurred or to be incurred in (1) restoring a public facility to substantially the same condition as existed prior to the damage resulting from the major disaster, and (2) completing construction not performed prior to the major disaster to the extent the increase of such costs over original construction costs is attributable to changed conditions resulting from the major disaster. Reimbursement under this section shall be made to the State, county, municipal, or other local governmental agency which is constructing the public facility or for which it is being constructed, except that if the economic burden of the eligible costs of repair, restoration, reconstruction or completion is incurred by an individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance), the State, county, municipality, or other local governmental agency shall reimburse such individual, partnership, corporation, agency, or other entity not to exceed 50 per centum of those costs. Eligible costs shall not include any costs for which reimbursement is received pursuant to insurance contracts or otherwise by the party incurring the economic burden of such costs.

DUPLICATION OF BENEFITS

SEC. 10. The head of each department or agency of the Federal government administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster shall administer such program in a manner

which will assure that no such person, concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other such program.

80 STAT. 1320

80 STAT. 1321

EXTENSIONS OF TIME IN PUBLIC LAND MATTERS

SEC. 11. The Secretary of the Interior, upon application therefor, is authorized to grant an extension of time to the holder of any lease, license, permit, contract or entry issued by him in connection with any lands administered by him through the Bureau of Land Management where the Secretary finds that a major disaster has impeded timely fulfillment of requirements and such relief will not prejudice the rights of another party.

COORDINATION OF EFFORT

SEC. 12. The President, acting through the Office of Emergency Planning, shall plan and coordinate all Federal programs providing assistance to persons, business concerns, or other entities suffering losses as the result of a major disaster, and shall conduct periodic reviews (at least annually) of the activities of State and Federal departments or agencies to assure maximum coordination of such programs, and to evaluate progress being made in the development of State and local organizations and plans to cope with major disasters. Nothing in this section shall be deemed to relieve the head of any department or agency of any function, duty, or responsibility vested in him by any provision of law.

DISASTER ASSISTANCE STUDY

SEC. 13. The Director of the Office of Emergency Planning is authorized and directed to make, in cooperation with the Secretary of Agriculture, the Secretary of the Interior, and other affected Federal and State agencies, a full and complete study and investigation for the purpose of determining what additional or improved air operation facilities are needed to provide immediate effective action to prevent or minimize loss of publicly or privately owned property and personal injury or death which could result from forest fires or grass fires which are or threaten to become major disasters. The study and investigation shall include but not be limited to—

- (1) the need for new or improved airports, heliports, or helispots at specific locations where present transportation facilities are inadequate to provide for immediate and effective action in case of forest fires or grass fires;
- (2) the need for additional or improved material, equipment (including aircraft) and personnel at specific locations to provide for immediate and effective action in case of forest fires or grass fires; and
- (3) the estimated cost of providing such new or improved air operation facilities (including additional or improved material, equipment, and personnel) at each specific location.

Not later than six months after the enactment of this Act the Director of the Office of Emergency Planning shall report the findings of the study and investigation to the Congress together with his recommendations for an action program, including an equitable plan for the sharing of the cost of the program by the Federal, State and local governments and private persons and organizations.

Report to
Congress.

November 6, 1966

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EFFECTIVE DATE

SEC. 14. This Act and the amendments made by this Act shall apply with respect to any major disaster occurring after October 3, 1964.

Approved November 6, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 2141 (Comm. on Public Works).

SENATE REPORT No. 459 (Comm. on Public Works).

CONGRESSIONAL RECORD:

Vol. 111 (1965): July 22, considered and passed Senate.

Vol. 112 (1966): Oct. 17, considered and passed House,
amended.

Oct. 18, Senate concurred in House amendment.

